Annual Report 2023

Berowra & District
Financial Services Limited

Community Bank
Berowra & District

ABN 62 116 755 938

Contents

Chairman's report

For year ending 30 June 2023

It is my pleasure as the Chairman of Berowra & District Financial Services Limited to report on what has been a transformational year for the company. For the first time in 15 years the company can report a positive cash balance for the year ended 30 June, 2023. This year the company reports its highest ever profit as record breaking low margins experienced for the previous two years reverse to highs well above previous highs.

The Board has always had the objective of returning the company to a positive cash position as a priority and a key step to being able to pay dividends. Forecasting to shareholders when this may happen has been avoided given that results are highly unpredictable and even perfectly executed operational management can have a vast range of outcomes, many of which just leave shareholders disappointed.

The last four years has been an extreme example of this, finishing FY19 with a debt of -$259,000 and hopes of paying it back in three to five years only to see it increase to -$463,000 in FY21 as margins crashed during Covid. Last year's reduction to -$361,000 was as good as we dared hoped, but this year we generated $404,000 positive cash as margins skyrocketed to fully pay off our debt and finish with a +$43,000 surplus!

The business, staff, shareholder and Directors have been at the mercy of the market when it comes to margins, but we only benefit from the good times if we persist through the bad. To this end we have our wonderful staff to thank for serving our customers through thick and thin; and for the epic endurance of our shareholders in supporting the Board to run the business through a lot of red and back into the black.

People

Some welcome stability and growth for the team this year as our Branch Manager Namrata Kaushal and CSO's Sue Gorham and Sara Salavati were joined by our newly appointed CRM Sneha Patel in December to complete a well-rounded team suited to serving our community and growing our business. The mix of experience and skills in the team provides the balance of service and business development capacity the Board has been seeking.

I would like to thank Nam, Sue, Sara and Sneha for all their hard work and dedication serving the community and adding value to our business every day. With such a small team and requiring two staff at all times in the branch to remain open, it can be challenging during periods of leave and sickness, but all have done everything possible to ensure the doors remain open and when we have had to close, they have ensured it was brief and infrequent.

The Board has had some changes, with Stephen Pead leaving us due to moving to Newcastle. Thank you to Stephen for great support with his immense marketing and sales experience to the Board and staff. Thank you also to our continuing Directors Steve Hitchcock, Bruce Waterhouse, Greg Steptoe, and Robert Wawrzyniak, who have all provided great support to the business as volunteer Directors over the year.

Operating results

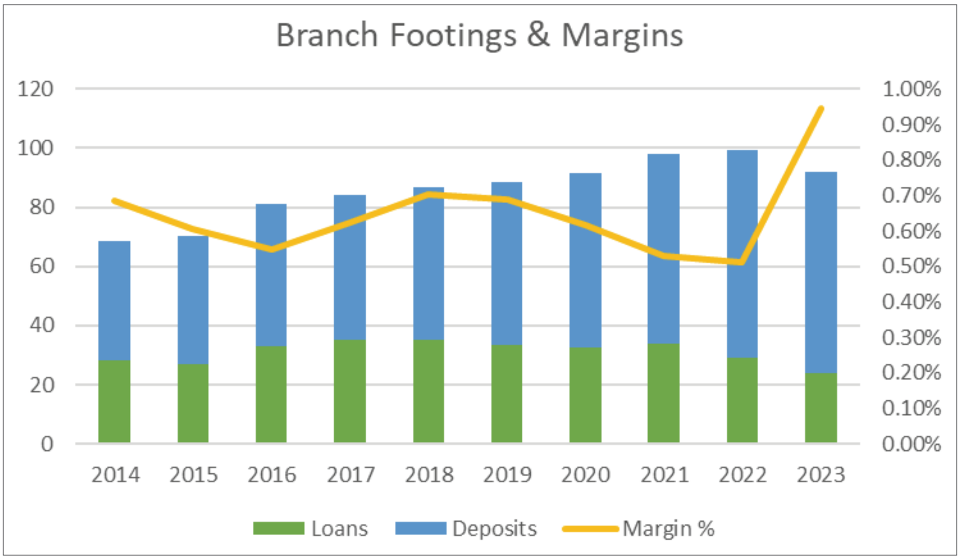
The business made a profit of $292,054 this year, a significant improvement on the profit of $62,784 last year. In pre-tax terms it was a $308,375 improvement which is what drove most of the $404,315 increase in cash for the year. This produced the first cash surplus (i.e. no debt) in 15 years, the last being in 2008.

A 65% increase in income from $565,766 to $933,688 due to margins improving from an average of 51 basis points to 95 basis points is what delivered the business result. For context, prior to Covid margins were usually in the range of 60-70 basis points. So, to go from around 10 under this range to 25 over was an unprecedented move year to year.

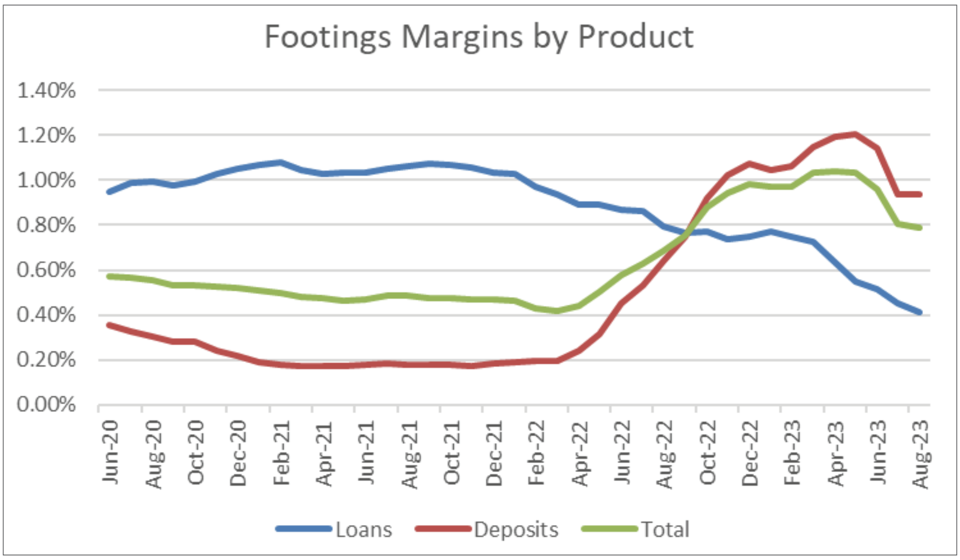
Operating expenses increased by $59,547 due to rent increases and staff costs increase from fewer position gaps. While the operating expenses were up on last year, it should be noted that last year's expenses were artificially low due to rent concession negotiated with the landlord and significant position gaps. Operating expenses remain very low compared to prior years and we would have to go back to 2011 to find lower. Tax expense increased by $79,105 but the company remained in a tax loss position so no tax was paid.

Our ability to increase footings was far less impressive as reduced savings rates and a highly competitive deposit interest rate market reduced our Deposits by $2.3 million (-3.3%). Our loan book also fell by $5 million (-17.4%) as a result of previous gaps in staff able to process loans plus the time to train new staff to fill these positions. Also the increase in interest rates provided a very challenging and highly competitive loan market for the industry in general.

As such we have experienced our first reduction in Footings in over 10 years which has been offset by the radical increase in margins. The graph below, provides some insight to the unique experience the year provided. The cause has been the most aggressive and rapid increase in interest rates by the RBA in history and while we welcome the recovery in our margins, we are looking forward to improved interest rate stability to improve our loan book in particular.



To highlight how competitive the loan market has become, the below graph of margins by footing shows how Loan margins have declined as a tough borrowing market brought about by rising interest rates has forced lenders to compete hard for loans and customers have become very interest rate sensitive. Our overall margins have increased because of Deposit margins, which improve as interest rates increase (the reverse of the impact we had when interest rates came down during Covid). Due to the heavy weighting of our Footings towards Deposits (74% currently) this has led to a significant improvement in our average margin.



Heading into the new financial year Loan margins have continued to drop, but we see this as a relatively temporary situation and hence it is still critical to grow our loan book and improve the balance between Loans and Deposits to reduce volatility in our revenue.

Community engagement

The branch continues to support the community through the provision of banking services to local businesses, clubs, schools and residents. The branch also provides many other non-banking services to clubs and schools in the local area including use of the branch for fundraising, notices and collection points, as well as marquees for events.

Furthermore, we support local clubs and schools with funding and sponsorship in return for their support and promotion of our branch. Spending on charitable donations and sponsorships this year was $6,922 and marketing principally with local suppliers was $3,147.

These were lower than the prior year and below what we planned to spend, but we have started to increase our engagement with the community following both the physical and financial limits of Covid. Spending in the coming year on sponsorship, marketing and business development has increased significantly and will help build our business and better support our community.

Our partnership

We are fortunate to have Bendigo and Adelaide Bank as our partner, the most trusted banking brand in Australia. We continue to work closely with them on ways to improve our customer experience and grow the business.

On a local level we have had the support of our Regional Manager, Ruchir Pandey. Ruchir and numerous other staff in Bendigo and Adelaide Bank provide critical business support for daily operations and ad hoc operational services that we would either go without or cost more than the business could afford.

Shareholders

I am very happy to be able to report a record profit this year; and that we have been able to pay off the company's debt. It has been a long journey for you all and the last four years have been particularly difficult to endure as the business has faced extremely challenging conditions.

The Board is focused on providing you long term value and is always mindful that you have waited far too long to benefit from the business. We thank you for your support and patience.

The faster we grow the business, the more profitable it will be and with a secure financial position we can begin to pay a dividend. Using the branch for your personal and business banking as well as encouraging others to do so helps us grow and will speed up our path to being able to issue dividends.

Outlook

We continue to benefit from strong margins from interest rate raises but have seen a fall from their peaks as rates stabilise and competitive pressures tighten margins. The direction of these moves has been expected but the quantum and for how long remains the key determinant for our short-term performance. We are also yet to see the extent to which RBA and global interest rate increases will slow economies and reduce asset prices which reduce savings rates and loan values.

Hence growing Footings will prove challenging but we will be well rewarded if we can. We believe we have the right manager in Nam for our branch to succeed and the team of Sue, Sara and Sneha provides the right team to service transactions for our deposits as well as seek out and process loans to grow our loan book so our Footings will grow.

This year to date the branch has been quite profitable due to the large increase in revenue from improving margins. Our financial position has improved significantly with our first positive cash position in 15 years and continues to improve into the new financial year. Despite this important step our auditor continues to highlight going concern matters in note 2 of the financial statements.

There is no doubt the company is in the best financial shape in 15 years, but we need to address going concern issues before we can start issuing dividends. We have budgeted for a solid profit in the coming year, but economic conditions and market dynamics will ultimately play a large part in the final result.

Conclusion

This year has been a long time coming for shareholders and as a Board it is a pleasure to finally be debt free after 15 years. While circumstances have been kind to us this year, we feel it is about time after many years of swimming against the current.

We will continue to focus on growing branch Footings as the cornerstone of growing revenues. Costs will rise with inflation, but we are well positioned and coming off a low base that gives our business strong profit opportunities. This leaves us well placed to face the challenges ahead of us.

On behalf of the Board and staff I would like to thank those of our shareholders who bank with us for your continued support and ask those that don't, to give the Community Bank in Berowra a go. You have invested in this business and your support as a customer and advocate of Community Bank Berowra & Districts Branch remains vital in ensuring our growing success.

This year's Annual General meeting will be held in person, so I look forward to seeing you all then.

Details of this meeting are outlined in the Notice of Meeting posted to Shareholders.

I look forward to updating you further at the AGM.

Thomas Collins
Chairman

Manager's report

For year ending 30 June 2023

I would like to begin with thanking our customers and community groups who have continued to Bank with us. It gives me great confidence in saying that with the support of our existing customers we will have another successful year ahead.

This year Bendigo Bank had an exciting opportunity to participate in another Government Home Buyer Scheme called NSW Shared Equity Scheme to assist Key Workers, Single Parents, and single people over 50 years of age to buy owner occupied property. Since the introduction of this scheme in January, Community Bank Berowra & Districts have received over 50 enquiries out of which we were able to assist at least 15 customers to get pre-approvals and at least 10 customers with formal approval resulting in almost $3 million in new loans to our branch.

I would like to remind our customers and community that along with NSW Shared Equity Scheme we are also participants of First Home Buyer Scheme, Family home and other Government home buyers' schemes. So, if you or someone you know is a first home buyer, I request you come and see us to explore these options with us.

Since my joining in September 2021, we have struggled to hire a qualified Home Lender to join our team. Last year in December this search ended, and we were fortunate to find Sneha Patel as our Home Lender. Sneha was a quick learner and with her knowledge and skills she has contributed to our branch Home Lending activities since week two of her joining the Bank.

I congratulate and thank the whole team - Sue Gorham, Sara Salavati and Sneha Patel for their part in Branch activities that have led us to a successful year. I also would like to thank the Board for their support and understanding, as well as our Regional Manager, Ruchir Pandey, for his ongoing support and guidance.

Thanking you,

Nam Kaushal
Branch Manager

Community Bank Berowra & District staff.

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

Directors' report

30 June 2023

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

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

Name:	Thomas Zachary Collins
Title:	Non-executive director
Experience and expertise:	Thomas is self-employed and currently running a private investment business, following a 20 year career in accounting and management with companies including Price Waterhouse Coopers, Volvo, Pacific Brands, Coleman Brands, and finally as Finance Director for Australia and New Zealand, first for Pure Fishing Australia and then for Jarden Australia, a subsidiary of a Fortune 500 NYSX listed company. Thomas is a chartered accountant by profession. He has continually worked with or as part of company executive management, initially as a member of the Institute of Chartered Accountants in Australia, and more recently as a member of the Chartered Institute of Management Accountants. He has lived in Mt Ku-ring-gai for over 15 years and supported the community, serving in the Mt Ku-ring-gai RFS Brigade, managed and coached for the Mt Colah Colts Football Club and his children attend Mt Ku-ring-gai Public School.
Special responsibilities:	Chair and Treasurer
Name:	Bruce John Waterhouse
Title:	Non-executive director
Experience and expertise:	Bruce is now retired but worked in the financial industry for 32 years, followed by 10 years in sports administration. He has been employed by Royal Agricultural Society of NSW on a casual basis for 42 years. He has been involved in football as a player, coach and official for almost 60 years. He is a life member of Berowra Football Club as well as Lindfield Football Club and Northern Suburbs Football Association.
Special responsibilities:	Audit & Finance Committee
Name:	Gregory Stephen Steptoe
Title:	Non-executive director
Experience and expertise:	Gregory is a retired Public Service Administrator, a qualified Justice of the Peace, and a life member and past Treasurer of the Berowra Football Club.
Special responsibilities:	Assistant to Treasurer
Name:	Robert Jan Wawrzyniak
Title:	Non-executive director
Experience and expertise:	Robert is now retired and has over 40 years experience in Banking and Finance and has held Senior Executive roles with both retail and institutional banks. Robert has been a member of the NSW Rural Fire Service for over 10 years and is currently an Officer with the Hornsby Heights Brigade. Robert hold a Bachelor of Commerce, MBA, CPA, FFIN.
Special responsibilities:	Risk Committee
Name:	Stephen Hitchcock
Title:	Non-executive director (appointed 26 July 2022)
Experience and expertise:	Steve has spent his entire career in financial services, predominantly in the life insurance industry. His experience includes actuarial, marketing, product management, underwriting, claims, compliance and risk management. Steve attained General Manager and Chief Operating Officer roles at TAL, InsuranceLine and NobleOak. Over the last 10 years, Steve has successfully run his own management consultancy business. He is a qualified actuary, certified compliance professional and member of the Australian Institute of Company Directors.
Special responsibilities:	Nil

Name:	Stephen John Pead
Title:	Non-executive director (resigned 30 June 2023)
Experience and expertise:	Stephen's background is in media where has worked for more than 40 years as a Media Sales Trainer and Coach – starting out as an announcer in Newcastle he has worked in a variety of roles in multiple markets including Townsville, Melbourne, Canberra, Auckland and finally in Sydney. In 2009 he started his own media consultancy Sales Solutions. The company works with Radio, Newspaper and Television groups to help them grow their advertising revenue. His clients are in Australia, New Zealand, South Africa, Kenya and India and include many well-known brands such as Australian Community Media, Times of India Group and News Corporation. Most recently he has consulted to the Asian Broadcasting Union based in Malaysia, training their members who are based in Asia and the sub-continent. Stephen is an author and blogger on media websites and regularly speaks to community groups such as Probus on his career and global travel experiences.
Special responsibilities:	Lead member of HR Committee and Business & Community Committee

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

- Robert Jan Wawrzyniak was appointed as interim company secretary on 27 June 2023.
- Ian Greentree was appointed as company secretary on 26 March 2019 and ceased on 27 June 2023.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $292,054 (30 June 2022: $62,784).

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

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

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

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

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

Meetings of directors
The number of directors' meetings attended by each of the directors' of the company during the financial year were:

	Board Eligible	Board Attended
Thomas Zachary Collins	11	11
Bruce John Waterhouse	11	10
Gregory Stephen Steptoe	11	10
Robert Jan Wawrzyniak	11	6
Stephen Hitchcock	11	10
Stephen John Pead	11	10

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
Thomas Zachary Collins	-	-	-
Bruce John Waterhouse	-	-	-
Gregory Stephen Steptoe	-	-	-
Robert Jan Wawrzyniak	-	-	-
Stephen Hitchcock	-	-	-
Stephen John Pead	-	-	-

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

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

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

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

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

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

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

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

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

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

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

On behalf of the directors

Thomas Zachary Collins
Chair

22 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 Berowra & District Financial Services Limited

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

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

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

Joshua Griffin
Lead Auditor

Financial statements

Berowra & District Financial Services Limited
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	910,743	548,173
Other revenue	7	22,945	17,593
Total revenue		933,688	565,766
Employee benefits expense	8	(314,136)	(269,291)
Advertising and marketing costs		(3,147)	(5,913)
Occupancy and associated costs		(19,030)	(22,833)
System costs		(14,814)	(16,157)
Depreciation and amortisation expense	8	(95,215)	(73,868)
Finance costs	8	(27,181)	(26,596)
General administration expenses		(61,071)	(58,959)
Total expenses before community contributions		(534,594)	(473,617)
Profit before community contributions and income tax expense		399,094	92,149
Charitable donations and sponsorships expense		(6,922)	(8,352)
Profit before income tax expense		392,172	83,797
Income tax expense	9	(100,118)	(21,013)
Profit after income tax expense for the year	21	292,054	62,784
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		292,054	62,784
		Cents	**Cents**
Basic earnings per share	29	38.46	8.27
Diluted earnings per share	29	38.46	8.27

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

Berowra & District Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	42,661	655
Trade and other receivables	11	86,746	60,284
Total current assets		129,407	60,939
Non-current assets			
Property, plant and equipment	12	65,867	85,522
Right-of-use assets	13	204,295	178,179
Intangible assets	14	43,756	58,427
Deferred tax assets	9	220,119	320,237
Total non-current assets		534,037	642,365
Total assets		663,444	703,304
Liabilities			
Current liabilities			
Trade and other payables	15	94,961	59,023
Borrowings	16	-	361,654
Lease liabilities	17	92,693	66,677
Employee benefits	18	18,665	11,172
Total current liabilities		206,319	498,526
Non-current liabilities			
Trade and other payables	15	30,332	60,663
Lease liabilities	17	224,173	237,293
Employee benefits	18	1,954	37
Lease make good provision	19	39,133	37,306
Total non-current liabilities		295,592	335,299
Total liabilities		501,911	833,825
Net assets/(liabilities)		161,533	(130,521)
Equity			
Issued capital	20	728,537	728,537
Accumulated losses	21	(567,004)	(859,058)
Total equity/(deficiency)		161,533	(130,521)

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

Berowra & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	728,537	(921,842)	(193,305)
Profit after income tax expense	-	62,784	62,784
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	62,784	62,784
Balance at 30 June 2022	728,537	(859,058)	(130,521)

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022	728,537	(859,058)	(130,521)
Profit after income tax expense	-	292,054	292,054
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	292,054	292,054
Balance at 30 June 2023	728,537	(567,004)	161,533

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

Berowra & District Financial Services Limited
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)		999,647	606,248
Payments to suppliers and employees (inclusive of GST)		(468,950)	(429,509)
Interest and other finance costs paid		(8,645)	(8,308)
Net cash provided by operating activities	28	522,052	168,431
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,136)
Payments for intangible assets		(27,574)	-
Proceeds from disposal of property, plant and equipment		-	2,593
Net cash provided by/(used in) investing activities		(27,574)	457
Cash flows from financing activities			
Repayment of lease liabilities	17	(90,818)	(66,986)
Net cash used in financing activities		(90,818)	(66,986)
Net increase in cash and cash equivalents		403,660	101,902
Cash and cash equivalents at the beginning of the financial year		(360,999)	(462,901)
Cash and cash equivalents at the end of the financial year	10	42,661	(360,999)

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Berowra & District Financial Services Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 1C Turner Road, Berowra Heights NSW 2082.

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 September 2023. The directors have the power to amend and reissue the financial statements.

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

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

	2023 $	2022 $	Change $	Change %
Current assets	129,407	60,939	68,468	112%
Current liabilities	(206,319)	(498,526)	292,207	(59%)
Working capital (deficiency)	(76,912)	(437,587)	360,675	(82%)

	2023 $	2022 $	Change $	Change %
Total assets	663,444	703,304	(39,860)	(6%)
Total liabilities	(501,911)	(833,825)	331,914	(40%)
Net assets/(liabilities)	161,533	(130,521)	292,054	(224%)
Accumulated losses	(567,004)	(859,058)	292,054	(34%)
Profit/(loss) before tax	392,172	83,797	308,375	368%
Profit/(loss) after tax	292,054	62,784	229,270	365%
Total comprehensive income	292,054	62,784	229,270	365%
Operating cash inflows (outflows)	522,052	168,431	353,621	210%
Cash and cash equivalents	42,661	655	42,006	6413%
Available overdraft and borrowing facilities	400,000	550,000	(150,000)	(27%)

The company overdraft has an approved limit of $400,000 which was not drawn upon as at 30 June 2023.

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

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

The current economic environment has improved with the RBA increasing the cash rate by 3.25% during the period, positively effecting revenue from margin income. The company has reported a net profit of $292,054 for the year, however, the company was reliant on the overdraft facility for part of the year, and accumulated losses remain high at $567,044. Furthermore, without the $220,119 deferred tax asset, the company would be in a net liabilities position. Based on this the directors have concluded that whilst the financial position of the company is improving, there is still uncertainty in future financial results that creates some doubt upon the companies ability to continue as a going concern.

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Going concern
At each reporting date management must asses the company's ability to continue as a going concern are appropriate. Management's decision will be underpinned by assumptions and judgements about future events.

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

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

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

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in September 2026.

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.

Note 5. Economic dependency (continued)

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

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	857,993	485,590
Fee income	41,518	41,060
Commission income	11,232	21,523
	910,743	548,173

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.

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2023 $	**2022 $**
Net gain on disposal of property, plant and equipment	-	2,593
Market development fund	21,250	15,000
Other income	1,695	-
	22,945	17,593

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

Note 7. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	278,850	236,278
Non-cash benefits	-	380
Superannuation contributions	27,513	22,617
Expenses related to long service leave	1,917	(1,821)
Other expenses	5,856	11,837
	314,136	269,291

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	16,871	17,377
Plant and equipment	2,784	2,753
	19,655	20,130
Depreciation of right-of-use assets		
Leased land and buildings	60,889	43,399
Amortisation of intangible assets		
Franchise fee	2,006	2,134
Franchise renewal fee	12,665	8,205
	14,671	10,339
	95,215	73,868

Note 8. Expenses (continued)

Finance costs

	2023 $	2022 $
Bank overdraft interest paid or accrued	8,645	8,308
Lease interest expense	16,709	16,547
Unwinding of make-good provision	1,827	1,741
	27,181	26,596

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	5,307	6,334

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.

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Movement in deferred tax	2,848	2,006
Under/over adjustment	1,959	-
Recoupment of prior year tax losses	95,311	19,007
Aggregate income tax expense	100,118	21,013
Prima facie income tax reconciliation		
Profit before income tax expense	392,172	83,797
Tax at the statutory tax rate of 25%	98,043	20,949
Tax effect of:		
Non-deductible expenses	116	64
	98,159	21,013
Under/over adjustment	1,959	-
Income tax expense	100,118	21,013

Note 9. Income tax (continued)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Carried-forward tax losses	182,193	279,462
Provision for lease make good	9,783	9,327
Lease liabilities	79,217	75,993
Right-of-use assets	(51,074)	(44,545)
Deferred tax asset	220,119	320,237

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash on hand	270	522
Cash at bank and on hand	42,391	133
	42,661	655

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023 $	2022 $
Balances as above	42,661	655
Bank overdraft (note 16)	-	(361,654)
Balance as per statement of cash flows	42,661	(360,999)

Note 10. Cash and cash equivalents (continued)

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	81,215	54,055
Prepayments	5,531	6,229
	86,746	60,284

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	197,741	197,741
Less: Accumulated depreciation	(143,651)	(126,780)
	54,090	70,961
Plant and equipment - at cost	77,276	77,277
Less: Accumulated depreciation	(65,499)	(62,716)
	11,777	14,561
	65,867	85,522

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	88,338	15,178	103,516
Additions	-	2,136	2,136
Depreciation	(17,377)	(2,753)	(20,130)
Balance at 30 June 2022	70,961	14,561	85,522
Depreciation	(16,871)	(2,784)	(19,655)
Balance at 30 June 2023	54,090	11,777	65,867

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.

Note 12. Property, plant and equipment (continued)

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

Leasehold improvements	5 to 20 years
Plant and equipment	5 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 13. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	1,119,473	1,032,468
Less: Accumulated depreciation	(915,178)	(854,289)
	204,295	178,179

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	240,644
Remeasurement adjustments	(19,066)
Depreciation expense	(43,399)
Balance at 30 June 2022	178,179
Remeasurement adjustments	87,005
Depreciation expense	(60,889)
Balance at 30 June 2023	204,295

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	43,685	43,685
Less: Accumulated amortisation	(36,390)	(34,384)
	7,295	9,301
Franchise renewal fee	168,425	168,425
Less: Accumulated amortisation	(131,964)	(119,299)
	36,461	49,126
	43,756	58,427

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	496	2,635	3,131
Additions	10,939	54,696	65,635
Amortisation expense	(2,134)	(8,205)	(10,339)
Balance at 30 June 2022	9,301	49,126	58,427
Amortisation expense	(2,006)	(12,665)	(14,671)
Balance at 30 June 2023	7,295	36,461	43,756

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2026

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

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

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	14,069	220
Other payables and accruals	80,892	58,803
	94,961	59,023
Non-current liabilities		
Other payables and accruals	30,332	60,663

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

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

Note 16. Borrowings

	2023 $	2022 $
Current liabilities		
Bank overdraft	-	361,654

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

	2023 $	2022 $
Total facilities		
Bank overdraft	400,000	550,000
Used at the reporting date		
Bank overdraft	-	361,654
Unused at the reporting date		
Bank overdraft	400,000	188,346

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

Note 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	105,860	80,156
Unexpired interest	(13,167)	(13,479)
	92,693	66,677
Non-current liabilities		
Land and buildings lease liabilities	236,531	257,035
Unexpired interest	(12,358)	(19,742)
	224,173	237,293

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	303,970	376,195
Remeasurement adjustments	87,005	(21,786)
Lease interest expense	16,709	16,547
Lease payments - total cash outflow	(90,818)	(66,986)
	316,866	303,970

Maturity analysis

	2023 $	2022 $
Not later than 12 months	105,860	80,156
Between 12 months and 5 years	236,531	257,035
	342,391	337,191

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 a rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected 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.

Note 17. Lease liabilities (continued)

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**
Berowra Branch	4.79%	2 years	1 x 2 years	Yes	September 2026

Note 18. Employee benefits

	2023 $	**2022 $**
Current liabilities		
Annual leave	18,665	11,172
Non-current liabilities		
Long service leave	1,954	37

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

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

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

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

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

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

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

Note 19. Lease make good provision

	2023 $	2022 $
Lease make good	39,133	37,306

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $45,527 for the Berowra Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire September 2026 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	759,351	759,351	759,351	759,351
Less: Equity raising costs	-	-	(30,814)	(30,814)
	759,351	759,351	728,537	728,537

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 20. 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.

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

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

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

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

Note 21. Accumulated losses

	2023 **$**	**2022** **$**
Accumulated losses at the beginning of the financial year	(859,058)	(921,842)
Profit after income tax expense for the year	292,054	62,784
Accumulated losses at the end of the financial year	(567,004)	(859,058)

Note 22. Capital management

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

Note 22. Capital management (continued)

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

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

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

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

Note 23. Dividends

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

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	81,215	54,055
Cash and cash equivalents	42,661	655
	123,876	54,710
Financial liabilities		
Trade and other payables	125,293	119,686
Lease liabilities	316,866	303,970
Bank overdrafts	-	361,654
	442,159	785,310

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

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

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

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

Note 24. Financial instruments (continued)

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $42,661 at 30 June 2023 (2022: $655).

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

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 **$**	**2022** **$**
Bank overdraft	400,000	188,346

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	94,961	30,332	-	125,293
Lease liabilities	105,860	236,531	-	342,391
Total non-derivatives	200,821	266,863	-	467,684

Note 24. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	361,654	-	-	361,654
Trade and other payables	59,023	60,663	-	119,686
Lease liabilities	80,156	257,035	-	337,191
Total non-derivatives	500,833	317,698	-	818,531

Note 25. Key management personnel disclosures

The following persons were directors of Berowra & District Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Thomas Zachary Collins
Bruce John Waterhouse
Gregory Stephen Steptoe
Robert Jan Wawrzyniak
Stephen Hitchcock
Stephen John Pead

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 26. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
A director is a committee member for Hornsby Chamber of Commerce which the bank reimbursed their membership and event attendance. The total benefit received was:	124	-

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

Note 27. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,200	5,200
Other services		
General advisory services	3,090	3,090
Share registry services	2,000	2,000
	5,090	5,090
	10,290	10,290

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

	2023 $	2022 $
Profit after income tax expense for the year	292,054	62,784
Adjustments for:		
Depreciation and amortisation	95,215	73,868
Net gain on disposal of non-current assets	-	(2,593)
Lease liabilities interest	16,709	16,547
Change in operating assets and liabilities:		
Increase in trade and other receivables	(26,462)	(8,944)
Decrease in deferred tax assets	100,118	21,013
Increase in other operating assets	-	(2,720)
Increase in trade and other payables	33,181	12,937
Increase/(decrease) in employee benefits	9,410	(6,202)
Increase in other provisions	1,827	1,741
Net cash provided by operating activities	522,052	168,431

Note 29. Earnings per share

	2023 $	2022 $
Profit after income tax	292,054	62,784
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	759,351	759,351
Weighted average number of ordinary shares used in calculating diluted earnings per share	759,351	759,351
	Cents	**Cents**
Basic earnings per share	38.46	8.27
Diluted earnings per share	38.46	8.27

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

30 June 2023

In the directors' opinion:

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

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

On behalf of the directors

____
Thomas Zachary Collins
Chair

22 September 2023

Independent audit report

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

Independent auditor's report to the Directors of Berowra & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Berowra & District Financial Services 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 Berowra & District Financial Services 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
afs@afsbendigo.com.au
(03) 5443 0344

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net profit after tax of $292,054 during the year ended 30 June 2023, the company had a working capital deficiency as its current liabilities exceeded its current assets by $76,912 and has accumulated losses of $567,004. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other Information

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

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

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

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

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

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

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.
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.

Andrew Frewin Stewart
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(03) 5443 0344

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

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

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

Joshua Griffin
Lead Auditor

Community Bank · Berowra & District
1C Turner Road, Berowra Heights NSW 2082
Phone: 02 9456 2265
Email: berowra@bendigoadelaide.com.au
Web: www.bendigobank.com.au/berowra

Franchisee: Berowra & District Financial Services Limited
ABN 62 116 755 938
Shop 9, Berowra Village,
1C Turner Road, Berowra Heights NSW 2082
Phone: 02 9456 2265

Share Registry: AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344 Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

/communitybankberowraanddistrict

Bendigo Bank