Annual Report 2023

Break O'Day Community Financial Services Limited

Community Bank
St Helens-St Marys

ABN 63 614 142 853

Contents

Chair's report

For year ending 30 June 2023

What a turnaround we have seen over the past twelve months. In June 2022 our financial reserves were sufficiently low that we were required to obtain a temporary overdraft. However, the impact of increased interest rates, together with the judicious management of Community Bank St Helens-St Marys, have improved our financial position such that we have been able to pay our first dividend to our shareholders and our cash reserves are healthy – see financial statements herein.

This year has been a period of adjustment from our team due to the retirement and departure of various staff. Our Senior Branch Manager, Suzanne Turner, left us for greener pastures and we thank her for her tireless work and dedication. The role of Senior Branch Manager now sits with Kristen Darke, a long-term employee of Freycinet Coast Financial Services Limited (Community Bank Swansea and Bicheno). We were saddened to see the retirement of our Customer Relationship Manager, Tom Bassett. Tom had been with us since incorporation and previously operated the Bendigo Agency in St Helens. He was the steady, stable, reliable and professional smiling face of Community Banking in St Helens and was well liked and respected by all. Happy retirement Tom!

We have been lucky, and privileged, to attract the services of two new Board members, John Brakey and Elise Frost. In this post Covid day and age most community organisations find it increasingly difficult to find Board members. This is especially so for Community Bank Company Boards as the role carries an enormous level of responsibility and the duties can be quite onerous – as well as being a volunteer position. If any of our shareholders hold aspirations to be a Board member of our Community Bank Company, I invite them to contact me.

In January this year we engaged the services of our former Branch Manager, Sheree Archer, as our Company Secretary and it is a privilege to have Sheree back on the team.

Community Bank St Helens-St Marys continues to provide financial support to our community. Since incorporation we have provided over $90,000 to our community in the form of grants, sponsorship and bursaries. Given our current financial position I am hopeful that our contributions will increase substantially in the 2023/24 financial year. Our Board is currently investigating ways that we can leverage our contributions by working with other community groups and organisations.

As always, I thank our dedicated and hard-working staff for their efforts this year. We have experienced a significant turnaround of staff which has left us with a new team (together with our dedicated stalwart, Pam Bailey) who have already demonstrated that they are dedicated, capable and determined to provide a first-class banking service to our community. Our Regional Manager, Martyn Neville, continues to provide us with strong, professional support and we thank him for being there when we need him.

Andrew MacGregor OAM
Chair

Senior Manager's report

For year ending 30 June 2023

The 2022/23 Financial year included the celebration of five years of operation for Community Bank St Helens-St Marys, and our first dividend payment to shareholders. Two milestones to be proud of!

The last twelve months have been challenging for borrowers with interest rates rising for the first time in many years. However, this has meant that our ever-patient depositors have finally begun to see their hard-earned capital working for them and they can now reap the benefits.

Bendigo Bank has remained competitive in the market and we continue to be focused on attracting new people to bank with Community Bank St Helens-St Marys, and to encourage existing customers to do more business with us. Our total business now stands at over $63 million.

This financial year we returned $17,390 via grants and sponsorship to our communities. Our total of community contributions since incorporation now exceed $92,000.

We farewelled our Senior Branch Manager, Suzanne Turner in September of 2022. I began acting in the position on 1 May 2023 and officially took the reins from 1 July 2023.

We also farewelled our Customer Relationship Manager, Tom Bassett, and welcomed new staff member Jen James, Shelley Montauban and Bianca Floyed.

We thank Tom for his dedication and service over the past five years. Throughout the 2022/23 financial year Pam Bailey, Tom and our new staff members have provided our customers with a professional, local service. I am very proud of our team and the high level of customer service that they provide.

My heartfelt thanks go to Martyn Neville, our Regional Manager for his support and guidance.

I'd like to remind our shareholders that our Community Company Board members are volunteers working for our community. They are all people with very busy lives and we thank them for their service.

To our shareholders, we say thank you for your ongoing support. If you, or any of your family and friends, have any banking requirements please allow our team to assist you. The Community Bank model means that when you bank with us 100% of our profits are retained in our community with a maximum of 20% payable to our shareholders and 80% available to be delivered back to our community by way of grants and sponsorships.

Bank local! The more people that allow Community Bank St Helens-St Marys to be their bank of choice, the more funds we can return to our community.

Kristen Darke
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

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:	Andrew Donald MacGregor OAM
Title:	Non-executive director
Experience and expertise:	Andrew is a retired Surveyor. Experienced throughout Tasmania as a Registered Land Surveyor, Certified Practising Planner, Property Development Consultant and Project Facilitator. Andrew has served as local government Councillor and Warden, as well as Director of several private companies. As a Life Member of St Helens and Districts Chamber of Commerce, past Chair of the Break O'Day Business Enterprise Board, past Chair of Medea Park Residential Care and a Board Member of the Tasmanian Community Fund. Andrew is passionate about developing economic opportunity for all in our community and views the Community Bank branch as a key part of this process. In 2022 he received an Order of Australia medal for services to the Community.
Special responsibilities:	Chairman

Name:	David Edward Llewellyn AM
Title:	Non-executive director
Experience and expertise:	David is a Viticulturist. David is the Owner/Manager of Priory Ridge Wines, a successful business in St Helens. As a former politician for 28 years, he served more than 14 years as a Cabinet Minister in previous Tasmanian Governments and for some time held the position of Deputy Premier. David is a member of the Diocesan Board of Trustees for the Anglican Church in Tasmania and a former Chairman of Anglicare Tasmania. David has a 26 year background in electronic engineering as a senior Technical Officer and Operations Manager. In 2012 he was made a Member of the Order of Australia for services to the Tasmanian Parliament and to charity.
Special responsibilities:	Deputy Chairman

Name:	Roger William Harrison Harlow
Title:	Non-executive director
Experience and expertise:	Roger is a Retired Teacher and Scientist. Trained at University of Adelaide (BSc Hons PhD) 1966-1975, Lecturer in wine science at Roseworthy Agricultural College SA, (1974-75) Senior Research Officer, immunology at Dept of Medicine, University of Tasmania,(1976-80) secondary and senior secondary Maths Science teaching with Dept of Education Tasmania (1983-2008, Scottsdale, St Marys, St Helens). Now retired, work as a hobby farmer and beekeeper. Community service roles as Treasurer of Portland Council, Director and Treasurer for Break O'Day Health Resource Association Inc (1995- 2005), Director and Vice Chair Medea Park Association Inc (Aged Care, 1992-2021), Member Steering Committee, St Helens-St Marys Community Bank (2016-2018), Director & Treasurer, Break O'Day CFSL.
Special responsibilities:	Treasurer

Name:	Sandra Maree Lohrey
Title:	Non-executive director
Experience and expertise:	Sandra is a Retail Assistant. Sandra was born and raised in St Helens and is now employed here in the retail sector. She has experience as a small business operator in her role as a Nutrimetics sales consultant. As Team Captain and participant in the Cancer Council's Relay for Life. Sandra is a capable organiser. She has coordinated the work of the Steering Committee as Secretary and her extensive local connections and relationships will be strong assets in the Board's community development for the Bank.
Special responsibilities:	HR Committee

Name:	Stephen John Walley
Title:	Non-executive director
Experience and expertise:	Stephen is an Educational Consultant/Coach. A distinguished teaching career saw Stephen achieve Principalship of St Helens, St Marys and Prospect High Schools. He currently offers Educational Leadership and Coaching as a private consultant. Stephen continues to support young people and his community commitment shines in his Life Membership of St Helens Football Club and continuing involvement in a range of other community committees. Building community connections is a key success factor for the Community Bank and the Board values Stephen's extensive skills in this area.
Special responsibilities:	HR Committee, Marketing and Sponsorship Committee

Name:	Garry Colin Pannan
Title:	Non-executive director
Experience and expertise:	Garry is presently a real estate agent Garry has owned and operated businesses for the last 20 years, currently has 6 employees. Bringing to the board a background in sales, marketing, bookkeeping and running small businesses. On the board of Break O'Day Chamber of commerce and former board member of East Coast Tourism.
Special responsibilities:	Marketing and Sponsorship Committee

Name:	Elise Hayley Frost
Title:	Non-executive director (appointed 27 February 2023)
Experience and expertise:	Elise holds a Bachelor of Business and currently runs a marketing agency, specialising in branding and digital marketing. She has significant senior management experience from a decade working in local government, including experience in HR management, financial reporting, stakeholder management and strategic communications. Elise is involved locally in junior sports and is also a qualified Swimming Teacher and a Board Member of Laurel House (North and North West Sexual Assault Support Service).
Special responsibilities:	Member of Marketing Sub-Committee

Name:	John Brakey
Title:	Non-executive director (appointed 14 April 2023)
Experience and expertise:	John previously had 27 years in Finance, working in the superannuation industry and funds management and investing globally in private markets. For the last 5 years, John has been managing businesses in the North East of Tasmania that currently employ 12 people.
Special responsibilities:	Nil

Name:	Sheridan Lee Van Asch
Title:	Non-executive director (resigned 25 July 2022)
Experience and expertise:	Sheridan has over 15 years' experience working with various industries, governments, and community organisations, providing strategic policy, business and funding advice. She has managed employment and training projects locally, nationally and internationally. Her in-depth knowledge of government processes, policy development, business development and capacity to develop commercial and government networks has enabled her to successfully work with NFP, Indigenous organisations, as well as the corporate and government sectors.
Special responsibilities:	Secretary, Marketing and Sponsorship Committee.

Name:	Annette Elizabeth Maney
Title:	Non-executive director (resigned 27 July 2022)
Experience and expertise:	Annette is a Retail Assistant. Annette's deep understanding of the banking sector came through roles in retail banking for two different major banks, customer service and branch administration, staff supervision and training, as well as regional management. She has developed product promotion and sales skills developed through her successful retail business, featuring international mail order. Annette brings good communication and negotiation skills to the Board and sees the Community Bank as a great vehicle to both serve and develop the community.
Special responsibilities:	HR Committee, Marketing and Sponsorship Committee

Name:	Stephen Lee Bedford
Title:	Non-executive director (resigned 28 July 2022)
Experience and expertise:	A Professional Engineer and Senior Executive with a proven track record in management of Operations, Asset Management, PMO, and Value creation.
Special responsibilities:	Marketing and Sponsorship Committee.

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

- Sheree Louise Archer was appointed company secretary 23 February 2023.
- Roger William Harrison Harlow was appointed acting company secretary 26 September 2022 and ceased on 23 February 2023.

Experience and expertise:	Sheree has worked in the financial industry most of her working life with close to 19 years in the banking sector and held senior administrative roles over 14 years in financial planning businesses. She was the first Branch Manager for the St Helens / St Marys Community Bank and enjoyed the challenge of working together with a newly appointed team to establish and build the branch in its early stages. She held this role for 1.5 years and is now back working with the great group of people in the board of directors in the role of company secretary.

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 $175,764 (30 June 2022: loss of $42,657).

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

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

	2023 **$**
Unfranked dividend of 3 cents per share	22,826

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 director meetings (including meetings of committees of directorattended by each of the director of the company during the financial year were:

	Board		Governance & Strategy	
	Eligible	Attended	Eligible	Attended
Andrew Donald MacGregor OAM	12	10	12	10
David Edward Llewellyn AM	12	12	12	12
Roger William Harrison Harlow	12	12	12	12
Sandra Maree Lohrey	12	9	12	9
Stephen John Walley	12	12	12	12
Garry Colin Pannan	12	12	12	12
Stephen Lee Bedford	1	-	1	-
Sheridan Lee Van Asch	1	-	1	-
Annette Elizabeth Maney	1	1	1	1
Elise Hayley Frost	3	3	3	3
John Brakey	3	3	3	3

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
Andrew Donald MacGregor OAM	21,015	-	21,015
David Edward Llewellyn AM	32,401	-	32,401
Roger William Harrison Harlow	4,272	-	4,272
Sandra Maree Lohrey	2,501	-	2,501
Stephen John Walley	5,001	-	5,001
Garry Colin Pannan	5,000	-	5,000
Stephen Lee Bedford	-	-	-
Sheridan Lee Van Asch	-	-	-
Annette Elizabeth Maney	5,203	-	5,203
Elise Hayley Frost	-	-	-
John Brakey	-	-	-

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

Roger William Harrison Harlow
Treasurer

15 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 Break O'Day Community Financial Services Ltd

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15 September 2023

Joshua Griffin
Lead Auditor

Financial statements

Break O'Day Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	7	550,337	267,177
Other revenue	8	74,484	72,993
Finance revenue		1,038	12
Total revenue		625,859	340,182
Employee benefits expense	9	(201,811)	(206,704)
Advertising and marketing costs		(4,254)	(10,075)
Occupancy and associated costs		(11,349)	(8,771)
System costs		(14,344)	(15,974)
Depreciation and amortisation expense	9	(61,110)	(70,210)
Finance costs	9	(11,972)	(13,253)
General administration expenses		(63,865)	(59,406)
Total expenses before community contributions and income tax expense		(368,705)	(384,393)
Profit/(loss) before community contributions and income tax (expense)/benefit		257,154	(44,211)
Charitable donations and sponsorships expense		(17,380)	(6,027)
Profit/(loss) before income tax (expense)/benefit		239,774	(50,238)
Income tax (expense)/benefit	10	(64,010)	7,581
Profit/(loss) after income tax (expense)/benefit for the year	21	175,764	(42,657)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		175,764	(42,657)
		Cents	**Cents**
Basic earnings per share	29	23.10	(5.61)
Diluted earnings per share	29	23.10	(5.61)

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

Break O'Day Community Financial Services Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	11	202,004	41,946
Trade and other receivables	12	74,723	38,477
Total current assets		276,727	80,423
Non-current assets			
Investment properties	15	-	8,291
Property, plant and equipment	13	161,373	135,243
Right-of-use assets	14	200,881	224,387
Intangible assets	16	67,112	21,263
Deferred tax assets	10	81,919	145,929
Total non-current assets		511,285	535,113
Total assets		788,012	615,536
Liabilities			
Current liabilities			
Trade and other payables	17	52,285	39,200
Borrowings	18	5,100	48,535
Lease liabilities	19	20,366	20,166
Employee benefits		7,818	8,347
Total current liabilities		85,569	116,248
Non-current liabilities			
Trade and other payables	17	44,494	-
Borrowings	18	37,900	-
Lease liabilities	19	215,132	246,431
Employee benefits		1,988	3,008
Lease make good provision		3,264	3,122
Total non-current liabilities		302,778	252,561
Total liabilities		388,347	368,809
Net assets		399,665	246,727
Equity			
Issued capital	20	724,372	724,372
Accumulated losses	21	(324,707)	(477,645)
Total equity		399,665	246,727

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

Break O'Day Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		724,372	(434,988)	289,384
Profit after income tax expense		-	(42,657)	(42,657)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(42,657)	(42,657)
Balance at 30 June 2022		724,372	(477,645)	246,727

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		724,372	(477,645)	246,727
Profit after income tax expense		-	175,764	175,764
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	175,764	175,764
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(22,826)	(22,826)
Balance at 30 June 2023		724,372	(324,707)	399,665

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

Break O'Day Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		655,463	367,211
Payments to suppliers and employees (inclusive of GST)		(375,346)	(336,205)
Interest received		1,038	12
Interest and other finance costs paid		(792)	(401)
Net cash provided by operating activities	28	280,363	30,617
Cash flows from investing activities			
Payments for property, plant and equipment	13	(45,726)	-
Payments for intangibles assets		(14,831)	-
Net cash used in investing activities		(60,557)	-
Cash flows from financing activities			
Proceeds from borrowings		42,990	-
Repayment of borrowings		(7,388)	(3,472)
Dividends paid	23	(22,826)	-
Repayment of lease liabilities	19	(31,387)	(31,647)
Net cash used in financing activities		(18,611)	(35,119)
Net increase/(decrease) in cash and cash equivalents		201,195	(4,502)
Cash and cash equivalents at the beginning of the financial year		809	5,311
Cash and cash equivalents at the end of the financial year	11	202,004	809

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 Break O'Day Community Financial Services Ltd (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 48 Cecilia Street, St Helens TAS 7216.

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Impairment of non-financial assets
The company assesses impairment of non-financial assets other 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. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

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

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

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

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

Note 5. Correction of error

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

Note 6. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in February 2028.

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

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

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

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

Note 6. Economic dependency (continued)

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

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

Note 7. Revenue from contracts with customers

	2023 $	2022 $
Margin income	494,330	202,901
Fee income	26,058	27,612
Commission income	29,949	36,664
	550,337	267,177

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 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 8. Other revenue

	2023 $	2022 $
Market development fund	32,500	37,500
Secondment income	22,510	24,556
Rental income	10,383	10,364
Other income	9,091	573
	74,484	72,993

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 8. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Secondment income	Secondment income is recognised when the right to receive the payment is established. Usually once the services have been provided.
Rental income	Rental income from right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

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

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

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

Secondment income
The company regularly seconds its own employees out to other Bendigo Bank branches. This income refers to the compensation charged by the company for the employee services provided during the secondment period.

Note 9. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	177,866	185,803
Superannuation contributions	14,391	15,741
Expenses related to long service leave	108	882
Other expenses	9,446	4,278
	201,811	206,704

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	11,350	11,378
Plant and equipment	6,578	6,658
Motor vehicles	1,668	3,974
	19,596	22,010
Depreciation of right-of-use assets		
Leased land and buildings	21,047	21,986
Amortisation of intangible assets		
Franchise fee	6,693	2,000
Franchise establishment fee	11,667	20,000
Agency buy out	2,107	4,214
	20,467	26,214
	61,110	70,210

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	667	402
Lease interest expense	11,038	12,359
Unwinding of make-good provision	142	136
Chattel mortgage interest expense	125	356
	11,972	13,253

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	4,543	5,758

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 10. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Movement in deferred tax	7,398	(5,783)
Recoupment of prior year tax losses	56,612	-
Future income tax benefit attributable to losses	-	(1,798)
Aggregate income tax expense/(benefit)	64,010	(7,581)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	239,774	(50,238)
Tax at the statutory tax rate of 25%	59,944	(12,560)
Tax effect of:		
Non-deductible expenses	4,066	6,802
Other deductible expenses	-	(1,823)
Income tax expense/(benefit)	64,010	(7,581)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(5,806)	1,725
Employee benefits	2,762	2,839
Provision for lease make good	816	781
Accrued expenses	772	773
Lease liabilities	58,875	66,649
Right-of-use assets	(50,220)	(58,170)
Carried-forward tax losses	74,720	131,332
Deferred tax asset	81,919	145,929

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

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

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

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

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

Note 10. Income tax (continued)

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

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

Note 11. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	202,004	41,946

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	202,004	41,946
Bank overdraft (note 18)	-	(41,137)
Balance as per statement of cash flows	202,004	809

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position cash and cash equivalents comprise cash on hand and deposits held with banks. 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 12. Trade and other receivables

	2023 $	2022 $
Trade receivables	61,625	29,786
Other receivables and accruals	1,524	1,615
Prepayments	11,574	7,076
	13,098	8,691
	74,723	38,477

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

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

Note 13. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	172,650	166,414
Less: Accumulated depreciation	(59,767)	(48,417)
	112,883	117,997
Plant and equipment - at cost	44,621	44,395
Less: Accumulated depreciation	(35,395)	(28,817)
	9,226	15,578
Motor vehicles - at cost	39,264	19,842
Less: Accumulated depreciation	-	(18,174)
	39,264	1,668
	161,373	135,243

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	129,375	22,236	5,642	157,253
Depreciation	(11,378)	(6,658)	(3,974)	(22,010)
Balance at 30 June 2022	117,997	15,578	1,668	135,243
Additions	6,236	226	39,264	45,726
Depreciation	(11,350)	(6,578)	(1,668)	(19,596)
Balance at 30 June 2023	112,883	9,226	39,264	161,373

Additions
During the financial year the company purchased a motor vehicle.

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

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

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

Leasehold improvements	5 to 15 years
plant and equipment	4 to 15 years
Motor vehicles	5 years

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

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

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

Note 13. Property, plant and equipment (continued)

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 14. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	286,560	296,436
Less: Accumulated depreciation	(85,679)	(72,049)
	200,881	224,387

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	231,126
Remeasurement adjustments	15,247
Depreciation expense	(21,986)
Balance at 30 June 2022	224,387
Remeasurement adjustments	(2,459)
Depreciation expense	(21,047)
Balance at 30 June 2023	200,881

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 19 for more information on lease arrangements.

Note 15. Investment properties

	2023 $	2022 $
Investment property - sublease - at cost	25,385	26,260
Less: Accumulated depreciation	(25,385)	(17,969)
	-	8,291

Reconciliation
Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening amount	22,113	23,515
Remeasurement adjustments	7,786	6,911
Depreciation expense	(7,437)	(8,313)
Closing amount	22,462	22,113

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 19 'Lease liabilities' and note 14 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

Accounting policy for subleases
When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 16. Intangible assets

	2023 $	2022 $
Franchise fee	76,316	10,000
Less: Accumulated amortisation	(15,526)	(8,833)
	60,790	1,167
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(100,000)	(88,333)
	-	11,667
Agency buy out	21,072	21,072
Less: Accumulated amortisation	(14,750)	(12,643)
	6,322	8,429
	67,112	21,263

Note 16. Intangible assets (continued)

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

	Franchise fee $	Establishment fee $	Agency Buy out $	Total $
Balance at 1 July 2021	3,167	31,667	12,643	47,477
Amortisation expense	(2,000)	(20,000)	(4,214)	(26,214)
Balance at 30 June 2022	1,167	11,667	8,429	21,263
Additions	66,316	-	-	66,316
Amortisation expense	(6,693)	(11,667)	(2,107)	(20,467)
Balance at 30 June 2023	60,790	-	6,322	67,112

Additions
During the financial year the franchise fees were renewed and are to be amortised over five years to February 2028.

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.

Domiciled customer accounts acquired as a result of the agency buy out and was recognised at cost at the date of acquisition and have been assessed as having a useful life of five years They are tested for impairment at each reporting period and 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
Establishment fee	Straight-line	Over the franchise term (5 years)	February 2028
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2028
Agency buy out	Straight-line	5 years	June 2024

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

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

Note 17. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	7,714	1,459
Other payables and accruals	44,571	37,741
	52,285	39,200
Non-current liabilities		
Other payables and accruals	44,494	-

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 18. Borrowings

	2023 $	2022 $
Current liabilities		
Bank overdraft	-	41,137
Chattel mortgage	5,100	7,398
	5,100	48,535
Non-current liabilities		
Chattel mortgage	37,900	-

Bank overdraft
The bank overdraft was removed during the period.

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

Note 19. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	30,456	31,647
Unexpired interest	(10,090)	(11,481)
	20,366	20,166
Non-current liabilities		
Land and buildings lease liabilities	258,876	303,287
Unexpired interest	(43,744)	(56,856)
	215,132	246,431

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	266,597	285,885
Remeasurement adjustments	(10,750)	-
Lease interest expense	11,038	12,359
Lease payments - total cash outflow	(31,387)	(31,647)
	235,498	266,597

Maturity analysis

	2023 $	2022 $
Not later than 12 months	30,456	31,647
Between 12 months and 5 years	121,824	126,589
Greater than 5 years	137,052	176,698
	289,332	334,934

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 or variable lease payments that depend on an index or 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 19. 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 demised 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
St Helens Branch	4.46%	5 years	2 x 5 years	Yes	January 2033

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	760,851	760,851	760,851	760,851
Less: Equity raising costs	-	-	(36,479)	(36,479)
	760,851	760,851	724,372	724,372

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

Rights attached to issued capital

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

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

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

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

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

Note 20. Issued capital (continued)

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 257. As at the date of this report, the company had 284 shareholders (2022: 284 shareholders).

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

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

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

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

Note 21. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(477,645)	(434,988)
Profit/(loss) after income tax (expense)/benefit for the year	175,764	(42,657)
Dividends paid (note 23)	(22,826)	-
Accumulated losses at the end of the financial year	(324,707)	(477,645)

Note 22. Capital management

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

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

Note 22. Capital management (continued)

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

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

	2023 $	2022 $
Unfranked dividend of 3 cents per share	22,826	-

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	63,149	31,401
Cash and cash equivalents	202,004	41,946
	265,153	73,347
Financial liabilities		
Trade and other payables	96,779	39,200
Lease liabilities	235,498	266,597
Chattel mortgage	43,000	7,398
Bank overdrafts	-	41,137
	375,277	354,332

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.

Note 24. Financial instruments (continued)

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $202,004 at 30 June 2023 (2022: $41,946).

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.

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgages	5,100	37,900	-	43,000
Trade and other payables	52,285	44,494	-	96,779
Lease liabilities	30,456	121,824	137,052	289,332
Total non-derivatives	87,841	204,218	137,052	429,111

Note 24. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	41,137	-	-	41,137
Chattel mortgages	7,398	-	-	7,398
Trade and other payables	39,200	-	-	39,200
Lease liabilities	31,647	126,589	176,698	334,934
Total non-derivatives	119,382	126,589	176,698	422,669

Note 25. Key management personnel disclosures

The following persons were directors of Break O'Day Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Andrew Donald MacGregor OAM
David Edward Llewellyn AM
Roger William Harrison Harlow
Sandra Maree Lohrey
Stephen John Walley
Garry Colin Pannan
Stephen Lee Bedford
Sheridan Lee Van Asch
Annette Elizabeth Maney
Elise Hayley Frost
John Brakey

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

Note 26. Related party transactions

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

Note 27. Remuneration of auditors

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

	2023 $	**2022 $**
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,433	1,325
General advisory services	3,700	2,330
Share registry services	2,470	2,000
	7,603	5,655
	13,003	10,855

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

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	175,764	(42,657)
Adjustments for:		
Depreciation and amortisation	61,110	70,210
Lease liabilities interest	11,038	12,716
Change in operating assets and liabilities:		
Increase in trade and other receivables	(36,246)	(7,878)
Decrease/(increase) in deferred tax assets	64,010	(7,581)
Increase in trade and other payables	6,094	3,383
Increase/(decrease) in employee benefits	(1,549)	2,288
Increase in other provisions	142	136
Net cash provided by operating activities	280,363	30,617

Note 29. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	175,764	(42,657)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	760,851	760,851
Weighted average number of ordinary shares used in calculating diluted earnings per share	760,851	760,851
	Cents	**Cents**
Basic earnings per share	23.10	(5.61)
Diluted earnings per share	23.10	(5.61)

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

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

Roger William Harrison Harlow
Treasurer

15 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 Break O'Day Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Break O'Day Community Financial Services Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Break O'Day Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15 September 2023

Joshua Griffin
Lead Auditor

Community Bank · St Helens/St Marys
41 Cecilia Street, St Helens TAS 7216
Phone: 03 6376 2560 Fax: 03 6376 2192
Email: sthelens-stmarysmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/sthelens-stmarys

Franchisee: Break O'Day Community Financial Services Limited
ABN: 63 614 142 853
48 Cecilia Street, St Helens TAS 7216
Phone: 0419 894 072

/communitybanksthelensstmarys

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR23059) (09/23)