Annual Report 2023

Bright Community Financial Services Limited

Community Bank
Bright

ABN 93 117 798 553

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Chairman’s report

For year ending 30 June 2023

On behalf of each Board member I thank shareholders for enabling Bright Community Financial Services Limited to exist and deliver a positive and transforming impact in Bright and surrounds. At all times the Board’s decisions fulfil your intent to deliver good outcomes for the local community.

In October we reached our 17th birthday. 17 years of strong performance and community investment. Nearly $800,000 invested in community projects, infrastructure and activities that grow and improve this special region.

This year the Board was able to move on from the uncertainty of previous periods and focus on what it does best – provide strategic direction for growth, and support for the branch to deliver a full range of professional Bendigo Bank banking services. We take great joy and enthusiasm in acting on shareholders behalf to deliver on-the-ground, transforming community outcomes.

Banking competition in Bright and the region is an ever-changing scene. In the past, the Community Bank operated in an extremely competitive environment with three of the other big banks also having a retail presence. This year one of these banks closed doors. Another announced the intention to close doors, but then backtracked. And the other bank has ‘doors open’ but for limited opening hours each day. Although the environment is still settling post pandemic we can see now that some things have changed forever. While more customers are moving to digital online banking and need less customer service with deposits and withdrawals, they do need more advice and guidance on money management and scams and fraud.

A major initiative this year was a strong focus on marketing and promotion. The Board engaged Allira Simpson to deliver marketing and sponsorship support under the direction of Britt Howard, Board member. This has been an extremely successful strategy. The additional resource has enabled clever and sustained social media, and has extended the impact of our sponsorship investment through better promotion of the benefits this delivers. Watch for our video that has been screened on the TV show The Block. And that has been recommended by Bendigo Bank as a model to other Community Banks.

After many years of stable staffing, this year the Board, especially Board member Lenore Harris, supported Mark Ditcham, Branch Manager to deep dive into the staffing structure. We welcomed two new babies to the Community Bank crew and supported Naomi and Courtney to take leave while they extended their families. Mark and the team – Kasey, Lisa, Leesa and Jill, have our deep appreciation for managing staff rosters and continuing to deliver the stellar performance they are so well known for. Laura Harris was recruited to add strength to our lending capability. Welcome Laura.

Board members Graham Gales, Tim May and Bill Andrews, bring incalculable knowledge and wisdom to the Board in terms of history and connections. Joe Wowk, Treasurer, for many years a big bank Manager applies these skills to our financial management. Helen Hofbauer, a longtime Bright resident, supports Joe in ensuring strong financial control. Kim Murrells joined the Board more recently and brings her expertise in planning, HR, corporate governance, and practical decisions. Welcome Kim.

Julie Blood, Corporate Secretary, Board Secretary and Board member has 11 years of Community Bank experience and knowledge. Julie knows everyone and nearly everything in Bright and surrounds. She is wise, dedicated and thoughtful. She always adds the right comment at the right time. Julie - a huge thankyou from the Board for your contribution.

This year, as always, we received fast, valuable and practical advice, support and guidance from our Bendigo Regional Manager Galen Munari. Galen rings regularly just to check-in and this is much appreciated. Our many staffing adjustments required both the Board and Mark to have regular contact with Bendigo Bank's People & Culture team. Their professional services enabled us to make good decisions in a timely manner. Thank you Bendigo Bank.

For the first time I would also like to thank the Community Bank National Council for the dedicated work undertaken on behalf of the Community Bank network. Another thanks also to the Chairs and Board members in other Community Banks in our region. The good relationships we have formed provide valuable forums for sharing thoughts and testing out ideas.

Shareholders thank you for your foresight in creating Community Bank Bright. You intended and you have created a better community for us all to live and thrive.

R. Holland

Ros Holland
Chair

Manager's report

For year ending 30 June 2023

It is once again my pleasure to submit the Branch Manager's report for the Community Bank Bright.

It is with pride that I can say despite the challenges in our industry of economic uncertainty and competition, Community Bank Bright was again able to grow our business during this last financial year, and return a very good profitable result, however, even more importantly and rewarding, was that we were able to support our local communities with significant financial support to a wide range of local groups, clubs, and projects.

Our Branch funds under management is over $160 million. We also continued to increase our number of customers and accounts, as local individuals and businesses are putting their trust in Community Bank Bright to be their Bank of choice.

This growth allows the Board of Bright Community Financial Services Limited to continue its commitment to our communities with sponsorships and support to many local groups, clubs, and projects. It was an outstanding level of support handed back to our community last financial year, and a testament to the Community Bank model.

Community Bank Bright has a charter and purpose of giving back to our communities with a variety of support from Bright to Myrtleford and surrounds. We consider this to be a privilege, and something we are enormously proud of.

Our local Community Bank Board also has an ongoing commitment to supporting our customers by maintaining a full service and fully staffed Branch which is open from 9.30am – 5.00pm Monday to Friday (closing from 1.00 – 2.00pm each day for lunch). Our Branch and staff are also directly contactable by either email or phone, and even in this changing banking landscape of mobile and internet banking, we know that being present and available is valued by our customers and the community.

Our Community Bank Bright agency at Myrtleford continues to operate through the local business "Myrtleford Real Estate and Livestock". Their office is located at 99 Myrtle Street, Myrtleford and we again thank Greg, Ben and their team for supporting our Community Bank Agency. This has also allowed us to assist local groups & clubs in Myrtleford and surrounding communities.

From a banking perspective, the support of Bendigo and Adelaide Bank Limited means we can offer competitive products, interest rates and banking options amd services to our customers. Operational risk and regulatory requirements are a critical area of focus for Bendigo and Adelaide Bank Limited and for Community Bank Bright. This ensures our staff and branch adhere to its policies and procedures. The operational reviews conducted at our branch over the last 12 months confirm that our staff continue to meet these regulatory requirements.

I would again like to personally thank our fantastic staff, Kasey, Lisa, Jill, Leesa, Naomi and Holly for the support and service they provide to our customers. The personal service and care we provide to our customers is something we are proud of. The staff form a fantastic team and I thank them also for the support and assistance they provide to myself and the Board. We recently unfortunately farewelled Holly and thank her for contribution to the branch, and we welcome new staff member Laura.

We receive tremendous support from our Bendigo and Adelaide Bank Limited business partners, such as our Business Bankers and our Rural Bank Agribusiness Managers. They are the specialists and experts in their respective areas of business, finance and agribusiness and provide great support and service to our branch and to our customers.

I also thank our Bendigo and Adelaide Bank support team of Galen Munari (Regional Manager) and Tim Dean (Risk & Compliance Manager) and their respective teams who also provide great support to our branch and staff.

I would also like to sincerely thank all members of our local Board of Community Bank Bright. We really appreciate the support and assistance provided by the Board. The Board members are all volunteers and I thank our Chairman Ros Holland, and all the Board members for their support, passion, and commitment.

Most importantly of all I would like to thank our local shareholders, our individual customers and the local businesses, clubs and groups that choose to do their banking with the Community Bank Bright. It is only because they trust their banking to us that we can provide invaluable support to our local communities.

Our success is linked to the success of our communities so assisting local groups and supporting community events and projects is ultimately good for all of us.

On behalf of the branch staff, we look forward to the next 12 months and another year of servicing our current, new, and potential customers, growing our business, and continuing to support our communities.

Thank you.

Mark Ditcham
Branch Manager

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:	Rosalind Anne Holland
Title:	Non-executive director
Experience and expertise:	Grad Dip Bus Mgt, Assoc Dip Bus Admin. Business management consulting 16 years – public, private and NFP organisations. Positions in the public and private sectors in the people and business management – 10 years. Currently owner and manager Bright Mystic Valley Accommodation. Member of the Bright and District Chamber of Commerce. Owner and manager holiday accommodation.
Special responsibilities:	Chairman

Name:	Julie Rose Blood
Title:	Non-executive director
Experience and expertise:	Office manager for 22 years. Bright Community Financial Services Limited Company Secretary for 10 years. General Manager at Bright Vehicle Preservation Society for 3 years. Past President of United Bright Football and Netball Club and Bright Junior Football Club. Past Treasurer for Bright Wanderers Cricket Club.
Special responsibilities:	Company Secretary

Name:	Josef Wowk
Title:	Non-executive director
Experience and expertise:	Certificate of Business Studies (Banking & Finance). 26 years of banking experience at CBC and NAB. Owner/operator of a news agency/lotto business for 10 years. Bright Tourism/Accommodation Operator 5 years. Several positions held with community groups including Treasurer/Secretary of the Lions club and Tennis club. Currently retired.
Special responsibilities:	Treasurer; Sponsorship working party.

Name:	William George Andrews
Title:	Non-executive director
Experience and expertise:	Secondary Teacher for 20 years, Brown Brothers Cellar Door Manager for 8 years, Proprietor for Wattle Park Cellars for 5 years and Fine Wine Manager at Dan Murphy's for 10 years. President of Buckley Ridges, Rainbow and Bright Wanderers Cricket Clubs, Vice President of Dandenong & District Cricket Association and Ovens & Kiewa cricket association. Committee member of Rainbow Football Club, Bright Football Club and Rutherglen Winemakers. Member of the Bright and District Chamber of Commerce. Tourism operator.
Special responsibilities:	OHS working party.

Name:	Timothy David May
Title:	Non-executive director
Experience and expertise:	Solicitor admitted to practice in October 2002, Bachelor of Laws, Graduate Diploma Legal Practice. Director and Principal Toner & May Legal Pty Ltd. 2015-present. Twenty years experience merchant banking and finance UK and Australia. Member of Law Institute Victoria and Bright Country Golf Club.
Special responsibilities:	Property working party.

Name:	Graham Wayne Gales
Title:	Non-executive director
Experience and expertise:	B. Sc. (Ed.) (Melbourne), Grad Dip. Ed. Studies (Charles Sturt). Teacher and Curriculum Consultant, Victorian Department of Education. Controller, Bright SES; SES volunteer; SES Regional Trainer and RCR Assessor. Member, Upper Ovens Landcare Group. Volunteer Guide, Alpine National Park, Parks Victoria. Volunteer, Hut restorations, Alpine National Park, Parks Victoria.
Special responsibilities:	Nil.

Name:	Britt Howard
Title:	Non-executive director
Experience and expertise:	Britt is an enthusiastic person who loves design, and after two decades working in corporate IT sales and marketing roles in big cities, she moved to Bright in 2017. Here she re-trained to be an Interior Designer & Decorator, opening her own studio and employing locals, working with residential renovation clients in the Alpine Shire. She loves our local community and is hard working and committed. Super passionate about nature, architecture, art, colour & design, her work helps to enrich the lives of her clients and the community through best practices and sustainability in design. She has previously been Vice President of the Bright Community Co-working space and also holds a Bachelor of Business majoring in Marketing and Tourism.
Special responsibilities:	Marketing and communication working party; Sponsorship working party
Name:	Lenore Harris
Title:	Non-executive director (appointed 27 July 2022)
Experience and expertise:	Experienced retail and human resources manager with experience in training, organisational development, operational human resources and communication. Bachelor of Arts and Diploma in Investor Relations.
Special responsibilities:	People working party; Sponsorship working party
Name:	Helen Fay Hofbauer
Title:	Non-executive director (appointed 27 July 2022)
Experience and expertise:	Currently managing the accounts, administration and payroll for a local construction company. 20 years experience employed by Alpine Health in the role of Client Services. A 6-year volunteer role as the bookkeeper and office manager for the Mt Hotham Race Squad - a not-for-profit club. Previously a receptionist at the historic Mt Buffalo Chalet and an administration role at Cresta Valley for the Department of Conservation and Environment.
Special responsibilities:	Deputy treasurer; Sponsorship working party
Name:	Kim Kristalyn Murrells
Title:	Non-executive director (appointed 23 August 2023)
Experience and expertise:	Kim has over 25 years of experience in human resources and 20 years of business consulting experience, and she holds post-graduate Business and Human Resource qualifications. She has vast and varied experience in senior consulting roles across varying disciplines and HR management positions within retail, manufacturing and professional service sectors. Since moving to NE Vic 9 years ago she has always been involved in community work: Freeburgh Community Hall Secretary- 3years; Bright Junior Football Committee Member- 2 years; Parent and Friends Committee Member- Bright P-12 College- 4 years. Kim has been on the advisory Board of a HR Consulting firm in NE Victoria for the past three years and will complete her AICD qualification early 2024. Kim is new to the Board and looking forward to the contribution she can make.
Special responsibilities:	People working party
Name:	Alia Bridget Parker
Title:	Non-executive director (resigned 27 July 2022)
Experience and expertise:	Alia Parker is the Executive Officer of Alpine community Plantation, a not-for-profit community group that manages Mystic Park - one of the country's top mountain bike parks and paragliding launches - within a commercial pine plantation. Alia has a diverse range of experience spanning a background as a former journalist and investment editor, both in Australia and abroad, Local Government, marketing and communications and has extensive work within the cycling industry. She holds a MA in International Communications from Macquarie University.
Special responsibilities:	Marketing and Communications working party; Sponsorship working party.

Company secretary

The Company secretary is Julie Blood. Julie was appointed to the position of company secretary on 23 May 2011.

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 $338,745 (30 June 2022: $69,534).

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

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

	2023 **$**
Fully franked dividend of 5 cents per share (2022: 6 cents)	34,706

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	Attended
Rosalind Anne Holland	11	10
Julie Rose Blood	11	9
Josef Wowk	11	8
William George Andrews	11	9
Timothy David May	11	4
Graham Wayne Gales	11	8
Britt Howard	11	9
Lenore Harris	11	10
Helen Fay Hofbauer	11	9
Kim Kristalyn Murrells	-	-
Alia Bridget Parker	1	1

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Rosalind Anne Holland	600	-	600
Julie Rose Blood	-	-	-
Josef Wowk	-	-	-
William George Andrews	500	-	500
Timothy David May	-	-	-
Graham Wayne Gales	5,000	-	5,000
Britt Howard	-	-	-
Lenore Harris	-	-	-
Helen Fay Hofbauer	-	-	-
Kim Kristalyn Murrells	-	-	-
Alia Bridget Parker	-	-	-

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.

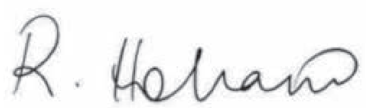
The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- 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



Rosalind Anne Holland
Chairman

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 Bright Community Financial Services Limited

As lead auditor for the audit of Bright Community 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: 15th September 2023

Joshua Griffin
Lead Auditor

Financial statements

Bright Community 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	7	1,292,190	775,294
Other revenue		-	2,500
Finance revenue		13,521	1,859
Total revenue		1,305,711	779,653
Employee benefits expense	8	(453,495)	(401,856)
Advertising and marketing costs		(14,136)	(2,818)
Occupancy and associated costs		(13,890)	(14,234)
System costs		(16,858)	(18,365)
Depreciation and amortisation expense	8	(66,332)	(70,009)
Finance costs	8	(12,326)	(12,564)
General administration expenses		(144,464)	(109,317)
Total expenses before community contributions and income tax		(721,501)	(629,163)
Profit before community contributions and income tax expense		584,210	150,490
Charitable donations, sponsorships and grants expense		(137,482)	(55,061)
Profit before income tax expense		446,728	95,429
Income tax expense	9	(107,983)	(25,895)
Profit after income tax expense for the year	21	338,745	69,534
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		338,745	69,534
		Cents	**Cents**
Basic earnings per share	29	48.80	10.02
Diluted earnings per share	29	48.80	10.02

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

Bright Community Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	1,113,478	700,175
Trade and other receivables	11	120,008	76,152
Total current assets		1,233,486	776,327
Non-current assets			
Property, plant and equipment	12	23,973	42,161
Right-of-use assets	13	291,217	306,643
Intangible assets	14	42,856	56,238
Deferred tax assets	9	25,301	22,907
Total non-current assets		383,347	427,949
Total assets		1,616,833	1,204,276
Liabilities			
Current liabilities			
Trade and other payables	15	86,455	37,249
Borrowings	16	4,490	5,171
Lease liabilities	17	32,785	29,463
Current tax liabilities	9	88,121	8,831
Employee benefits	18	61,822	56,573
Total current liabilities		273,673	137,287
Non-current liabilities			
Trade and other payables	15	30,487	45,731
Borrowings	16	15,992	20,872
Lease liabilities	17	275,742	287,247
Employee benefits	18	10,936	7,754
Lease make good provision	19	16,705	16,126
Total non-current liabilities		349,862	377,730
Total liabilities		623,535	515,017
Net assets		993,298	689,259
Equity			
Issued capital	20	670,347	670,347
Retained earnings	21	322,951	18,912
Total equity		993,298	689,259

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

Bright Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		670,347	(8,975)	661,372
Profit after income tax expense		-	69,534	69,534
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(41,647)	(41,647)
Balance at 30 June 2022		670,347	18,912	689,259

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		670,347	18,912	689,259
Profit after income tax expense		-	338,745	338,745
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(34,706)	(34,706)
Balance at 30 June 2023		670,347	322,951	993,298

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

Bright Community 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)		1,381,379	843,350
Payments to suppliers and employees (inclusive of GST)		(856,781)	(679,974)
Interest received		6,578	1,859
Interest and other finance costs paid		(431)	(992)
Income taxes paid		(24,484)	(13,366)
Net cash provided by operating activities	28	506,261	150,877
Cash flows from investing activities			
Payments for intangible assets		(13,857)	(9,018)
Net cash used in investing activities		(13,857)	(9,018)
Cash flows from financing activities			
Repayment of borrowings		(5,561)	(4,999)
Dividends paid	23	(34,706)	(41,647)
Repayment of lease liabilities	17	(38,834)	(34,256)
Net cash used in financing activities		(79,101)	(80,902)
Net increase in cash and cash equivalents		413,303	60,957
Cash and cash equivalents at the beginning of the financial year		700,175	639,218
Cash and cash equivalents at the end of the financial year	10	1,113,478	700,175

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 Bright Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 2, 104 Gavan Street, Bright VIC 3741.

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 assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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.

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

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

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 'borrowings' and 'property, plant and equipment'. We considered the discrepancy immaterial to users of the financial report, however we believe it is important to rectify the classification error. Therefore, the necessary corrections to the 2023 and 2022 disclosures have been made accordingly.

Note 6. Economic dependency

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

Note 6. Economic dependency (continued)

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 7. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,155,740	628,285
Fee income	50,583	48,640
Commission income	85,867	98,369
	1,292,190	775,294

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.

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

Commission income
Commission 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. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	333,883	329,943
Non-cash benefits	1,122	3,738
Superannuation contributions	40,501	33,729
Expenses related to long service leave	9,676	5,166
Other expenses	68,313	29,280
	453,495	401,856

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	6,202	7,362

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.

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Furniture, fixtures and fittings	9,348	11,442
Motor vehicles	8,840	12,614
	18,188	24,056
Depreciation of right-of-use assets		
Leased land and buildings	34,762	33,141
Amortisation of intangible assets		
Franchise fee	7,975	2,131
Franchise renewal fee	5,407	10,681
	13,382	12,812
	66,332	70,009

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	431	992
Lease interest expense	11,315	10,922
Unwinding of make-good provision	580	650
	12,326	12,564

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	114,532	30,049
Movement in deferred tax	(2,394)	(6,192)
Under/over adjustment	(4,155)	2,038
Aggregate income tax expense	107,983	25,895
Prima facie income tax reconciliation		
Profit before income tax expense	446,728	95,429
Tax at the statutory tax rate of 25%	111,682	23,857
Tax effect of:		
Non-deductible expenses	456	-
	112,138	23,857
Under/over adjustment	(4,155)	2,038
Income tax expense	107,983	25,895

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Employee benefits	18,533	16,358
Provision for lease make good	4,176	4,032
Income accruals	(1,736)	-
Lease liabilities	77,132	79,178
Right-of-use assets	(72,804)	(76,661)
Deferred tax asset	25,301	22,907

	2023 $	2022 $
Provision for income tax	88,121	8,831

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.

Note 9. Income tax (continued)

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 at bank and on hand	312,738	116,970
Term deposits	800,740	583,205
	1,113,478	700,175

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	110,245	73,369
Other receivables and accruals	7,399	456
Prepayments	2,364	2,327
	9,763	2,783
	120,008	76,152

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

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Furniture, fixtures and fittings - at cost	196,315	196,315
Less: Accumulated depreciation	(181,046)	(171,698)
	15,269	24,617
Motor vehicles - at cost	42,046	42,046
Less: Accumulated depreciation	(33,342)	(24,502)
	8,704	17,544
	23,973	42,161

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

	Furniture, fixtures and fittings $	Motor vehicles $	Total $
Balance at 1 July 2021	36,059	30,158	66,217
Depreciation	(11,442)	(12,614)	(24,056)
Balance at 30 June 2022	24,617	17,544	42,161
Depreciation	(9,348)	(8,840)	(18,188)
Balance at 30 June 2023	15,269	8,704	23,973

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:

Furniture, fixtures and fittings	5 to 13 years
Motor vehicle	4 years

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

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

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

Change in accounting policy
The company has changed the asset disclosure from the 'plant and equipment' to 'furniture, fixtures and fittings' . The company feels based on the asset types this disclosure is more appropriate. The prior year figures have been adjusted also.

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	425,221	405,885
Less: Accumulated depreciation	(134,004)	(99,242)
	291,217	306,643

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	175,611
Remeasurement adjustments	164,173
Depreciation expense	(33,141)
Balance at 30 June 2022	306,643
Remeasurement adjustments	19,336
Depreciation expense	(34,762)
Balance at 30 June 2023	291,217

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	101,329	101,329
Less: Accumulated amortisation	(99,931)	(91,956)
	1,398	9,373
Franchise renewal fee	110,036	110,036
Less: Accumulated amortisation	(68,578)	(63,171)
	41,458	46,865
	42,856	56,238

Note 14. 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 $	Franchise renewal fee $	Total $
Balance at 1 July 2021	689	3,471	4,160
Additions	10,815	54,075	64,890
Amortisation expense	(2,131)	(10,681)	(12,812)
Balance at 30 June 2022	9,373	46,865	56,238
Amortisation expense	(7,975)	(5,407)	(13,382)
Balance at 30 June 2023	1,398	41,458	42,856

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)	October 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 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	41,436	3,639
Other payables and accruals	45,019	33,610
	86,455	37,249
Non-current liabilities		
Other payables and accruals	30,487	45,731

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.

Note 15. Trade and other payables (continued)

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

Note 16. Borrowings

	2023 $	2022 $
Current liabilities		
Chattel mortgage	4,490	5,171
Non-current liabilities		
Chattel mortgage	15,992	20,872

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

Note 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	43,178	40,200
Unexpired interest	(10,393)	(10,737)
	32,785	29,463
Non-current liabilities		
Land and buildings lease liabilities	313,042	331,650
Unexpired interest	(37,300)	(44,403)
	275,742	287,247

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	316,710	174,485
Remeasurement adjustments	19,336	165,559
Lease interest expense	11,315	10,922
Lease payments - total cash outflow	(38,834)	(34,256)
	308,527	316,710

Maturity analysis

	2023 $	2022 $
Not later than 12 months	43,178	40,200
Between 12 months and 5 years	172,713	160,800
Greater than 5 years	140,329	170,850
	356,220	371,850

Note 17. Lease liabilities (continued)

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

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

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

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Bright branch premises	3.54%	5 years	3 x 5 years	Yes (1 x 5 years) No (2 x 5 years)	September 2031

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	20,998	22,242
Long service leave	40,824	34,331
	61,822	56,573
Non-current liabilities		
Long service leave	10,936	7,754

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

Note 18. Employee benefits (continued)

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

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

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

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

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

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

Note 19. Lease make good provision

	2023 $	2022 $
Lease make good provision	16,705	16,126

Lease make good provision
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 $22,364 for the Bright Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on 30 September 2031 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	694,113	694,113	694,113	694,113
Less: Equity raising costs	-	-	(23,766)	(23,766)
	694,113	694,113	670,347	670,347

Note 20. Issued capital (continued)

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

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

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

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

Note 20. Issued capital (continued)

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

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

Note 21. Retained earnings

	2023 $	2022 $
Retained earnings/(accumulated losses) at the beginning of the financial year	18,912	(8,975)
Profit after income tax expense for the year	338,745	69,534
Dividends paid (note 23)	(34,706)	(41,647)
Retained earnings at the end of the financial year	322,951	18,912

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

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

	2023 $	2022 $
Fully franked dividend of 5 cents per share (2022: 6 cents)	34,706	41,647

Note 23. Dividends (continued)

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	71,926	72,442
Franking credits (debits) arising from income taxes paid (refunded)	24,484	13,366
Franking debits from the payment of franked distributions	(11,569)	(13,882)
	84,841	71,926
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	84,841	71,926
Franking credits (debits) that will arise from payment (refund) of income tax	88,121	8,831
Franking credits available for future reporting periods	172,962	80,757

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

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

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	117,644	73,825
Cash and cash equivalents	1,113,478	700,175
	1,231,122	774,000
Financial liabilities		
Trade and other payables	116,942	82,980
Lease liabilities	308,527	316,710
Chattel mortgage	20,482	26,043
	445,951	425,733

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

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

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

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

Note 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 $1,113,478 at 30 June 2023 (2022: $700,175).

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.

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 mortgage	4,490	15,992	-	20,482
Trade and other payables	86,455	30,487	-	116,942
Lease liabilities	43,178	172,713	140,329	356,220
Total non-derivatives	134,123	219,192	140,329	493,644

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgage	5,171	20,872	-	26,043
Trade and other payables	37,249	45,731	-	82,980
Lease liabilities	40,200	160,800	170,850	371,850
Total non-derivatives	82,620	227,403	170,850	480,873

Note 25. Key management personnel disclosures

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

Rosalind Anne Holland
Julie Rose Blood
Josef Wowk
William George Andrews
Timothy David May
Graham Wayne Gales
Britt Howard
Lenore Harris
Helen Fay Hofbauer
Kim Kristalyn Murrells
Alia Bridget Parker

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 $
The company used the secretary services of one of its directors. The total benefit received was:	6,375	5,760

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	5,400	5,200
Other services		
General advisory services	5,610	2,520
Share registry services	4,653	4,556
	10,263	7,076
	15,663	12,276

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	338,745	69,534
Adjustments for:		
Depreciation and amortisation	66,332	70,009
Lease liabilities interest amount	11,315	10,922
Change in operating assets and liabilities:		
Increase in trade and other receivables	(43,856)	(7,385)
Decrease in income tax refund due	-	9,889
Increase in deferred tax assets	(2,394)	(6,191)
Increase/(decrease) in trade and other payables	47,819	(17,602)
Increase in provision for income tax	79,290	8,831
Increase in employee benefits	8,431	12,220
Increase in other provisions	579	650
Net cash provided by operating activities	506,261	150,877

Note 29. Earnings per share

	2023 $	2022 $
Profit after income tax	338,745	69,534
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	694,113	694,113
Weighted average number of ordinary shares used in calculating diluted earnings per share	694,113	694,113
	Cents	**Cents**
Basic earnings per share	48.80	10.02
Diluted earnings per share	48.80	10.02

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Bright Community 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;

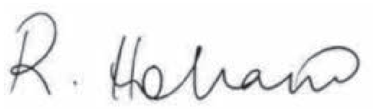
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- 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



Rosalind Anne Holland
Chairman

15 September 2023

Independent audit report

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

Independent auditor's report to the Directors of Bright Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bright Community 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 Bright Community 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
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

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/communitybankbright

Bendigo Bank