Annual Report 2023

Broadwater Financial Services Limited

Community Bank
Helensvale

ABN 29 095 850 463

Contents

Chairman's report

For year ending 30 June 2023

I am very excited to advise that the financial year ended June 2023 for Broadwater Financial Services Limited (BFSL) resulted in the company recording a record profit before tax of $671,641 and an after-tax profit of $503,516. Total revenue for the year increased $460,278 (40.67%) over the previous year and while our net overall footings decreased by $5.1 million, the increased banking margins, referred to below, easily overcame this slight reduction in our total footings. Our Branch Manager's report further analyses these numbers.

There have been two major factors in the huge turnaround in the financial results in the 2023 financial year. Firstly, the closure of the Community Bank Biggera Waters in April 2022, proved to be a very successful decision and the Company only lost approximately 10% of the Loan and Deposit book. A large amount of credit for this must go to the management and staff who overcome the resistance to the closure and managed the customers with empathy and understanding. In addition, the company benefited from the huge reduction is operating costs as a result of the Board's difficult decision to close the Community Bank Biggera Waters.

Secondly, the banking industry changed dramatically during the last 12 months and banking margins increased along with the interest rates and the resultant increase in income was a welcome benefit to the Company.

The Board and I would like to congratulate all the staff for their commitment during the last 12 months and they have bonded into a very strong team of committed people, led by our Senior Manager, Mr Peter Kai-Nielsen. We would also like to acknowledge the support our Mobile Relationship Manager, Ms Karen McDonald, who has proved to be very proficient in her job and in particular her commitment to our community partners and the support and mentoring she gives to our staff.

The Company continues to support our local community groups with sponsorship funds in the health, aged care and youth sporting groups and we have increased our marketing and visibility in our Gold Coast region. Over many years we have seen considerable financial returns to our company from our community partners and their members through loan and deposit growth.

Since the last Annual Report our Board has had no changes. Our volunteer Directors spend many personal hours attending Board meetings, committee meetings, business development events, conferences and providing community partner support. I would like to take the opportunity to acknowledge this dedication and work and I thank them for their continued support.

Recently, the Board announced that our Company (BFSL) has entered into a sale agreement with Logan Community Financial Services Limited (LCFSL) to sell the Business assets, including the revenue right and other revenue generating business of the Community Bank Helensvale.

Bendigo and Adelaide Bank Limited (Bendigo) has consented to BFSL entering into the sale agreement (Sale Agreement) with LCFSL subject to a number of conditions, including BFSL obtaining the approval of its shareholders.

The expected completion of this transaction is by the end of November 2023, subject to all pre-conditions of the Sale Agreement being met. Following completion, LCFSL will take over the property lease and the Community Bank Helensvale branch will remain open to service the community of Helensvale and surrounding communities.

LCFSL is committed to building upon the significant contributions that BFSL has made to the Helensvale customer base and community. BFSL look forward to LCFSL continuing to actively engage and support the community.

Chairman's report (continued)

Prior to our Annual General Meeting, we will hold an Extraordinary General Meeting where shareholders will be asked to vote on a Special Resolution to approve this transaction and a return of capital to shareholders.

Finally, as a Board, we again wish to thank all our customers, community organisations and local business owners for their support during the year and in addition we would also like to acknowledge the support and assistance from senior management of Bendigo and Adelaide Bank Limited during the year. It has always been our commitment to grow the business to achieve consistent profits and we are now in a position to maximise the returns to our patient shareholders. We look forward to a successful outcome to the proposed business sale mentioned above.

Robert Knight
Chairman

Manager's report

For year ending 30 June 2023

2022-23 was a year of consolidation and ultimate success for Broadwater Financial Services Limited (BFSL). "One team under one roof" proved the necessary ingredient for a successful team built on both experience and ambition. The welcome additions of Karen McDonald, Mobile Relationship Manager in May 2022 and Shane White, Customer Service officer in November 2022 assisted in this transition.

With rising interest rates, loan retention and growth proved increasingly difficult. Home Loan customers were in search of discounted rates from online banking alternatives and cash back incentives were offered by many of our competitors. Other customers took the opportunity to cash-out or downsize and sell their principal place of residence or an investment property and used these sale proceeds payout their existing loans.

BFSL's combined footings (in both lending and deposits) fell by $5.1 million for 2022-23 reducing our footings from $174.2 million to $169.1 million. When you reflect on the growth our Company has experienced over the past five years, this result was well below our budgeted expectations.

Loan footings reduced by $4 million (from $80 million to $76 million) due to the pressures mentioned above. Despite the acquisition of $17 million in new lending, discharges (totalling $13.5 million) and amortisation (principal and interest repayments) resulted in negative growth for the year.

Deposit footings also reduced by $1.9 million with the majority of this leaving our book in the first and last quarters. The closure of Biggera Waters branch in April 2022 did result in the loss of local customers, however not to the extent as first thought. Competitive pressures for deposits from online Bank's and increased lending rates impacted on our deposits. The reduction fell within our Company's "At Call" products to the tune of $5.9 million whilst conversely our Fixed Term products increased by $4 million from the previous year.

Despite the increasing convenience to complete banking electronically be it on online or through a smart phone, BFSL's customer numbers increased along with over-the-counter transactions and products held per customer.

On the Community front, our Company continued to provide ongoing sponsorship and a physical presence to many of our local sporting clubs and not-for profit associations. This included renewed partnerships with Labrador Hockey, Labrador AFL, Discovery Park Tennis Club, Broadwater Netball, Labrador Men's Shed and Labrador Senior Citizen's Club. New partnerships were forged with A B Paterson College, Ormeau Pimpama Rotary Club, and local School Chaplaincy at both Biggera Waters and Musgrave Hill State Schools.

We continued to host and promote our own quarterly Broadwater Business networking evenings at Parkwood Village. These are often well attended by our customers, local business owners, and community partners.

In closing I would like to acknowledge and thank our voluntary Board of Directors, the shareholders, the customers, and our staff for their contribution throughout the year and ongoing support to our Community Bank.

Peter Kai-Nielsen
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.

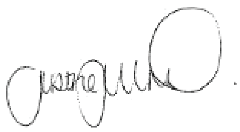
Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

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:	Robert John Knight
Title:	Non-executive director
Experience and expertise:	Business Consultant and Real Estate Business Owner. Bachelor of Commerce, former Chartered Accountant, Financial Controller and Public Company Secretary.
Special responsibilities:	Chairman, Treasurer, Executive Management Committee

Name:	Leeanne Kay Braund
Title:	Non-executive director
Experience and expertise:	Personal Assistant at Gold Coast City Council. Former Consultant to Queensland Health and former Mortgage Broker and the current Secretary of Discovery Park Tennis Club Inc. and Tennis Gold Coast Regional Assembly.
Special responsibilities:	Company Secretary and Executive Management Committee

Name:	Micheal Douglas McCarthy
Title:	Non-executive director
Experience and expertise:	Sales Representative. Former Insurance Manager for Woolworths NSW for 19 years and Real Estate Sales Consultant.
Special responsibilities:	Nil

Name:	Tegan Bree Parker
Title:	Non-executive director
Experience and expertise:	Fundraising Coordinator - Business and Community. Tertiary Qualification: Diploma of Health and Human Sciences. Currently completing a Bachelor of Business majoring in management. Former Cabin Crew and Guest Services Agent with Virgin Australia.
Special responsibilities:	Nil

Name:	Chanta Kumari Bock
Title:	Non-executive director
Experience and expertise:	Chanta has 20 years experience within the Financial Industry, working in the area of Procurement and IT, ensuring compliance and IT Security is maintained and enforced. Chanta is an experienced trainer in Contracts and Negotiations and is also currently involved in Local Chaplaincy to help underprivileged children and families in crisis.
Special responsibilities:	Nil

Name:	Nicole Adele Smithers
Title:	Non-executive director (appointed 31 August 2022)
Experience and expertise:	Nicole is a former Marketing Manager - medium sized construction company (6 yrs), and Tourism Manager Kiama, South Coast NSW (23 yrs). She holds a Diploma of Tourism, Bachelor of Accounting, GAICD and is the Current Treasurer at Runaway Bay Cricket Club.
Special responsibilities:	Nil

Name:	Dulise Coral Maxwell
Title:	Non-executive director (resigned 6 August 2022)
Experience and expertise:	Management/Leadership consultant. Dulise's career has been largely in C-suite roles including most recently, Head of People and Culture for Qld Health, ED of Leadership for ATO and Corporate Coach for Matter Health Services. For the past decade Dulise has been running her own Management/Leadership consultancy with clients across public and private sector including most recently the Office of the Governor of Qld, 2x EDs for RBWH and Gold Coast Private Hospital. Dulise has completed undergraduate studies in Japanese and Chinese with post graduate work in strategic planning, organisational development, entrepreneurship, leadership and management. Dulise has served on 3 boards [for profit and not for profit] including most recently that of Redlands Financial Services who owned Bendigo Community Bank franchises.
Special responsibilities:	Nil

Company secretary
The company secretary is Leeanne Kay Braund. Leeanne was appointed to the position of company secretary on 26 April 2013.

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 $503,516 (30 June 2022: loss of $44,532).

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

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

Matters subsequent to the end of the financial year
Since the end of the year, Logan Community Financial Services Limited (LCFSL) – operator of Community Bank Browns Plains, Beenleigh, Springwood and Loganholme is proposing to acquire the operations and revenue right of Community Bank Helensvale from Broadwater Financial Services Limited (BFSL).

This transaction will include the acquisition of the branch operations, assets and revenue right attached to this location. The revenue right pertains to the revenue generated by the loans, deposits and other revenue generating business (Revenue Right) currently derived from the franchise agreement between BFSL and Bendigo and Adelaide Bank Limited (Bendigo).

Bendigo has consented to BFSL entering into a sale agreement (sale). The completion of the sale is subject to conditions, including BFSL obtaining the approval of its shareholders. The expected completion of this transaction is by the end of November 2023, subject to all preconditions of the sale being met. The Community Bank Helensvale branch will remain open to service the community of Helensvale and surrounding communities however BFSL will deregister as a company if the sale is approved.

No other 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 intends to transfer the operations of banking services to the community to another Community Bank company.

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
Robert John Knight	10	9
Leeanne Kay Braund	10	10
Micheal Douglas McCarthy	10	9
Tegan Bree Parker	10	9
Chanta Kumari Bock	10	10
Nicole Adele Smithers	9	8
Dulise Coral Maxwell	1	1

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
Robert John Knight	667	-	667
Leeanne Kay Braund	5,250	-	5,250
Micheal Douglas McCarthy	-	-	-
Tegan Bree Parker	-	-	-
Chanta Kumari Bock	-	-	-
Nicole Adele Smithers	-	-	-
Dulise Coral Maxwell	-	-	-

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 25 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

Robert John Knight
Chair

13 October 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 Broadwater Financial Services Limited

As lead auditor for the audit of Broadwater 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: 13 October 2023

Joshua Griffin
Lead Auditor

Financial statements

Broadwater 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	1,577,719	1,082,679
Other revenue		14,409	49,171
Total revenue		1,592,128	1,131,850
Employee benefits expense	8	(616,881)	(635,893)
Advertising and marketing costs		(21,421)	(20,888)
Occupancy and associated costs		(20,585)	(59,543)
System costs		(17,957)	(33,695)
Depreciation and amortisation expense	8	(90,459)	(258,268)
Finance costs	8	(15,821)	(24,713)
General administration expenses		(106,224)	(115,976)
Total expenses before community contributions and income tax		(889,348)	(1,148,976)
Profit/(loss) before community contributions and income tax (expense)/benefit		702,780	(17,126)
Charitable donations, sponsorships and grants expense		(31,139)	(42,250)
Profit/(loss) before income tax (expense)/benefit		671,641	(59,376)
Income tax (expense)/benefit	9	(168,125)	14,844
Profit/(loss) after income tax (expense)/benefit for the year	19	503,516	(44,532)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		503,516	(44,532)
		Cents	**Cents**
Basic earnings per share	27	85.05	(7.52)
Diluted earnings per share	27	85.05	(7.52)

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

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

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	301,540	-
Trade and other receivables	11	110,166	63,430
Total current assets		411,706	63,430
Non-current assets			
Property, plant and equipment	12	63,579	78,333
Right-of-use assets	13	125,049	185,072
Intangible assets	14	43,436	56,468
Deferred tax assets	9	2,669	165,228
Total non-current assets		234,733	485,101
Total assets		646,439	548,531
Liabilities			
Current liabilities			
Trade and other payables	15	58,435	48,643
Borrowings	16	7,030	213,844
Lease liabilities	17	65,522	60,624
Current tax liabilities	9	5,566	-
Employee benefits		9,211	4,125
Total current liabilities		145,764	327,236
Non-current liabilities			
Trade and other payables	15	30,362	60,725
Borrowings	16	21,108	147,054
Lease liabilities	17	76,728	142,250
Employee benefits		-	3,058
Lease make good provision		21,684	20,931
Total non-current liabilities		149,882	374,018
Total liabilities		295,646	701,254
Net assets/(liabilities)		350,793	(152,723)
Equity			
Issued capital	18	406,858	406,858
Accumulated losses	19	(56,065)	(559,581)
Total equity/(deficiency)		350,793	(152,723)

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

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	406,858	(515,049)	(108,191)
Loss after income tax benefit	-	(44,532)	(44,532)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(44,532)	(44,532)
Balance at 30 June 2022	406,858	(559,581)	(152,723)

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022	406,858	(559,581)	(152,723)
Profit after income tax expense	-	503,516	503,516
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	503,516	503,516
Balance at 30 June 2023	406,858	(56,065)	350,793

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

Broadwater 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)		1,712,880	1,232,807
Payments to suppliers and employees (inclusive of GST)		(967,102)	(1,045,423)
Interest and other finance costs paid		(8,860)	(13,286)
Net cash provided by operating activities	26	736,918	174,098
Cash flows from investing activities			
Payments for property, plant and equipment	12	(2,650)	(37,445)
Payments for intangible assets		(33,136)	(18,467)
Net cash used in investing activities		(35,786)	(55,912)
Cash flows from financing activities			
Repayment of lease liabilities	17	(66,832)	(114,506)
Proceeds from borrowings		-	37,034
Repayment of borrowings		(145,932)	(12,603)
Net cash used in financing activities		(212,764)	(90,075)
Net increase in cash and cash equivalents		488,368	28,111
Cash and cash equivalents at the beginning of the financial year		(186,828)	(214,939)
Cash and cash equivalents at the end of the financial year	10	301,540	(186,828)

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 Broadwater 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 Helensvale Plaza Shopping Centre Unit 6A, 12 Sir John Overall Drive, Helensvale 4212 QLD.

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 13 October 2023. The directors have the power to amend and reissue the financial statements.

Going concern
The financial statements for the financial year ended 30 June 2023 have been prepared on a going concern basis, notwithstanding that the company is planning to enter into an agreement to sell its revenue rights and business assets. A realisation/liquidation basis is considered not appropriate as the sale is contingent on approval by shareholders of the company. Refer to note 30 for further details.

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.

Note 3. Significant accounting policies (continued)

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

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

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

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)

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.

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

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

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

Note 5. 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 November 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	1,425,078	921,848
Fee income	70,875	78,466
Commission income	81,766	82,365
	1,577,719	1,082,679

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)

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

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

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

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

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	476,559	501,630
Non-cash benefits	6,823	4,569
Superannuation contributions	58,024	53,510
Expenses related to long service leave	5,871	9,565
Other expenses	69,604	66,619
	616,881	635,893

Accounting policy for employee benefits
Bendigo Bank seconds employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the seconded employees as these are Bendigo Bank employees. The company also directly employs two employees these employee benefits costs are recognised as incurred.

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	9,483	129,972
Plant and equipment	900	7,269
Motor vehicles	7,021	3,761
	17,404	141,002
Depreciation of right-of-use assets		
Leased land and buildings	60,023	94,837
Amortisation of intangible assets		
Franchise fee	2,172	3,862
Franchise renewal fee	10,860	18,567
	13,032	22,429
	90,459	258,268

The significant increase in depreciation recorded in the prior year is due to the accelerated rate used to be in line with the closure of the Biggera Waters Branch.

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	6,230	14,851

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Current tax	5,566	-
Movement in deferred tax	(6,626)	15,621
Future income tax benefit attributable to losses	-	(30,465)
Recoupment of prior year tax losses	169,185	-
Aggregate income tax expense/(benefit)	168,125	(14,844)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	671,641	(59,376)
Tax at the statutory tax rate of 25%	167,910	(14,844)
Tax effect of:		
Non-deductible expenses	215	-
Income tax expense/(benefit)	168,125	(14,844)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	-	169,185
Property, plant and equipment	(11,890)	(15,436)
Employee benefits	3,837	1,795
Provision for lease make good	5,421	5,233
Accrued expenses	1,000	-
Lease liabilities	35,563	50,719
Right-of-use assets	(31,262)	(46,268)
Deferred tax asset	2,669	165,228

	2023 $	2022 $
Provision for income tax	5,566	-

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	301,540	-

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	301,540	-
Bank overdraft (note 16)	-	(186,828)
Balance as per statement of cash flows	301,540	(186,828)

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	97,002	58,541
Prepayments	13,164	4,889
	110,166	63,430

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	89,271	89,271
Less: Accumulated depreciation	(65,244)	(55,761)
	24,027	33,510
Plant and equipment - at cost	37,014	37,014
Less: Accumulated depreciation	(27,601)	(26,701)
	9,413	10,313
Motor vehicles - at cost	37,756	56,350
Less: Accumulated depreciation	(7,617)	(21,840)
	30,139	34,510
	63,579	78,333

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	163,482	15,243	3,165	181,890
Additions	-	2,339	35,106	37,445
Depreciation	(129,972)	(7,269)	(3,761)	(141,002)
Balance at 30 June 2022	33,510	10,313	34,510	78,333
Additions	-	-	2,650	2,650
Depreciation	(9,483)	(900)	(7,021)	(17,404)
Balance at 30 June 2023	24,027	9,413	30,139	63,579

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 14 years
Plant and equipment	1 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 12. 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.

Note 13. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	1,047,438	1,047,438
Less: Accumulated depreciation	(922,389)	(862,366)
	125,049	185,072

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	279,909
Depreciation expense	(94,837)
Balance at 30 June 2022	185,072
Depreciation expense	(60,023)
Balance at 30 June 2023	125,049

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	103,243	104,165
Less: Accumulated amortisation	(96,004)	(94,754)
	7,239	9,411
Franchise renewal fee	195,026	199,638
Less: Accumulated amortisation	(158,829)	(152,581)
	36,197	47,057
	43,436	56,468

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	1,492	6,715	8,207
Additions	11,781	58,909	70,690
Amortisation expense	(3,862)	(18,567)	(22,429)
Balance at 30 June 2022	9,411	47,057	56,468
Amortisation expense	(2,172)	(10,860)	(13,032)
Balance at 30 June 2023	7,239	36,197	43,436

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)	November 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 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	-	25,386
Other payables and accruals	58,435	23,257
	58,435	48,643
Non-current liabilities		
Other payables and accruals	30,362	60,725

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		
Bank overdraft	-	186,828
Bank loans	-	20,328
Chattel mortgage	7,030	6,688
	7,030	213,844
Non-current liabilities		
Bank loans	-	117,255
Chattel mortgage	21,108	29,799
	21,108	147,054

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

	2023 $	2022 $
Total facilities		
Bank overdraft	100,000	350,000
Used at the reporting date		
Bank overdraft	-	186,828
Unused at the reporting date		
Bank overdraft	100,000	163,172

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

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	69,505	66,832
Unexpired interest	(3,983)	(6,208)
	65,522	60,624
Non-current liabilities		
Land and buildings lease liabilities	78,328	147,833
Unexpired interest	(1,600)	(5,583)
	76,728	142,250

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	202,874	307,780
Lease interest expense	6,208	9,600
Lease payments - total cash outflow	(66,832)	(114,506)
	142,250	202,874

Maturity analysis

	2023 $	2022 $
Not later than 12 months	69,505	66,832
Between 12 months and 5 years	78,328	147,833
	147,833	214,665

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected 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.

Note 17. Lease liabilities (continued)

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
Helensvale Branch	3.54%	5 years	N/A	N/A	July 2025

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	444,025	444,025	444,025	444,025
Bonus shares - fully paid (3:1)	148,013	148,013	-	-
Less: Equity raising costs	-	-	(37,167)	(37,167)
	592,038	592,038	406,858	406,858

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*.

Note 18. Issued capital (continued)

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 250. As at the date of this report, the company had 303 shareholders (2022: 301 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 19. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(559,581)	(515,049)
Profit/(loss) after income tax (expense)/benefit for the year	503,516	(44,532)
Accumulated losses at the end of the financial year	(56,065)	(559,581)

Note 20. 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%.

Note 20. Capital management (continued)

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 21. Dividends

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

Note 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	97,002	58,541
Cash and cash equivalents	301,540	-
	398,542	58,541
Financial liabilities		
Trade and other payables	88,797	109,368
Lease liabilities	142,250	202,874
Bank loans	-	137,583
Bank overdrafts	-	186,828
Chattel mortgage	28,138	36,487
	259,185	673,140

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

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

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

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

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.

Note 22. Financial instruments (continued)

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 these are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $301,540 at 30 June 2023 (2022: $nil).

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

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 **$**	**2022** **$**
Bank overdraft	100,000	163,172

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	58,435	30,362	-	88,797
Lease liabilities	69,505	78,328	-	147,833
Chattel mortgage	7,030	21,108	-	28,138
Total non-derivatives	134,970	129,798	-	264,768

Note 22. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	186,828	-	-	186,828
Bank loans	20,328	117,225	-	137,553
Trade and other payables	48,643	60,725	-	109,368
Lease liabilities	66,832	147,833	-	214,665
Chattel mortgage	6,688	29,799	-	36,487
Total non-derivatives	329,319	355,582	-	684,901

Note 23. Key management personnel disclosures

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

Robert John Knight
Leeanne Kay Braund
Micheal Douglas McCarthy
Tegan Bree Parker
Chanta Kumari Bock
Nicole Adele Smithers
Dulise Coral Maxwell

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 24. Related party transactions

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

Note 25. 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	5,900	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,330	2,500
Share registry services	2,100	2,000
	6,090	5,100
	11,990	10,300

Note 26. 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	503,516	(44,532)
Adjustments for:		
Depreciation and amortisation	90,459	258,268
Lease liabilities interest	6,208	9,600
Change in operating assets and liabilities:		
Increase in trade and other receivables	(46,736)	(10,738)
Decrease/(increase) in deferred tax assets	162,559	(14,842)
Increase in trade and other payables	12,565	18,558
Increase in provision for income tax	5,566	-
Increase/(decrease) in employee benefits	2,028	(21,421)
Increase/(decrease) in other provisions	753	(20,795)
Net cash provided by operating activities	736,918	174,098

Note 27. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	503,516	(44,532)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	592,038	592,038
Weighted average number of ordinary shares used in calculating diluted earnings per share	592,038	592,038
	Cents	**Cents**
Basic earnings per share	85.05	(7.52)
Diluted earnings per share	85.05	(7.52)

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

Since the end of the year, Logan Community Financial Services Limited (LCFSL) – operator of Community Bank Browns Plains, Beenleigh, Springwood and Loganholme is proposing to acquire the operations and revenue right of Community Bank Helensvale from Broadwater Financial Services Limited (BFSL).

Note 30. Events after the reporting period (continued)

This transaction will include the acquisition of the branch operations, assets and revenue right attached to this location. The revenue right pertains to the revenue generated by the loans, deposits and other revenue generating business (Revenue Right) currently derived from the franchise agreement between BFSL and Bendigo and Adelaide Bank Limited (Bendigo).

Bendigo has consented to BFSL entering into a sale agreement (sale). The completion of the sale is subject to conditions, including BFSL obtaining the approval of its shareholders. The expected completion of this transaction is by the end of November 2023, subject to all preconditions of the sale being met. The Community Bank Helensvale branch will remain open to service the community of Helensvale and surrounding communities however BFSL will deregister as a company if the sale is approved.

No other 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

Robert John Knight
Chair

13 October 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 Broadwater Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Broadwater 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 Broadwater Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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

Material Uncertainty Related to Going Concern

Without modifying our conclusion, we draw attention to Note 2 and Note 30 of the financial report, which disclose the following:

- Logan Community Financial Services Limited is proposing to acquire the operations and revenue right of the Community Bank Helensvale from Broadwater Financial Services Limited.
- Any sale would be subject to approval from shareholders and Bendigo Bank.
- If the sale of the revenue rights is approved, Broadwater Financial Services Limited will deregister as a company.

At the time of signing this report no arrangements had been entered into and the company is to continue in operational existence for the foreseeable future. For the above reasons, the company will continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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.

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

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.
Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

- 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: 13 October 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Community Bank · Helensvale
12 Sir John Overall Drive, Helensvale QLD 4212
Phone: 07 5580 3966 Fax 07 5580 6622
Email: helensvalemailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/helensvale

Franchisee: Broadwater Financial Services Limited
ABN: 29 095 850 463
12 Sir John Overall Drive, Helensvale QLD 4212
Phone: 0408 450 180

Share Registry:
AFS & Associates Pty Ltd
61 Bull Street, Bendigo VIC 3550
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344 Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au
www.afsbendigo.com.au

/communitybankbiggerawatersandhelensvale

Bendigo Bank