

Annual Report 2023

Canungra & District
Community Financial
Group Limited

Community Bank
Canungra & District

ABN 14 608 466 628

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Chairperson's report

For year ending 30 June 2023

FY2023 seemed to fly by! After the disruption of the previous years with the conclusion of the COVID-19 pandemic, extremely low interest rate environment and a return of the world to a new state of normal, the economic pressures were felt with the Reserve Bank raising interest rates in May 2022. This then started a cycle of 10 interest rate rises within the subsequent months to try and slow economic growth and inflation.

The Community Bank Canungra & District has continued to grow, however, lending was very low and the significant uplift was in our deposit book. A testament to the amount of cash which is currently circulating in our economy as home owners and investors sell down their assets and look to term deposits and at call options to have access to cash reserves.

The team in the both the Community Bank Canungra & District branch and the Bendigo Bank Beaudesert has done an amazing job at ensuring that our customers are well looked after, greeted with a smile and that all of their banking needs attended to. A big thank you to a few staff that have left us in the past year including Peter Holzkecht (Branch Manager) and Hanna Warton (Customer Relationship Officer), and we welcomed Shana Geiger and Sue Jargo as Customer Relationship Officers, Jimmi Connor as Customer Relationship Manager (focussing on lending) as well as Charli Baden as our new Branch Manager (six days in at the end of financial year). And a big thank you to Candice who has ticked over another year with our branch in Canungra, starting on day one with our Community Bank Canungra & District, she is a great asset to our branch and also a very active member of our community.

The amazing community connection continued throughout the year with the Board contributing to the following community groups throughout the year:

- Canungra Mens Shed
- Miniature Goat Association
- Turning Canungra Pink
- The 4275 Collective
- Canungra School of Arts Hall
- Beechmont P&C
- Canungra Golf Club
- And a number of others.

Our company has also continued its annual support of the Canungra Ambulance Committee with the Young Driver Awareness night which is always well attended and for the past two years has also been held in Beaudesert by the Rotary Club of Beaudesert.

The Annual Pitch Night held in October attracted 10 groups and a total of just over \$11,000 was pledged to local community organisations. We love feeding back into the prosperity of our community!

In addition to grants and sponsorship, the Board is also committed to supporting small businesses in our region that provide products and services that keep our branch running including print, media, cleaning, maintenance, electrical testing and other works required.

Our Board underwent some changes with a couple of appointments (to be ratified at the AGM) and resignations. We welcomed Keer Moriarty to the Board and are thankful for her contribution and knowledge around the Board table. Unfortunately, Janine Buckley, Michael Richardson and Douglas Ward resigned from the Board. We thank them for their input during their tenure and wish them well. If you are considering becoming a Board member, please contact me and we can meet up for a discussion.

Chairperson's report (continued)

A thank you to our customers, results that enable us to return funding to our groups is only possible with the ongoing support of our customers. We could not have returned such great results and support to the Community without the loyalty of our Customers, local people who share our ideas of putting back into the Community.

As always, our continuing service is only made possible with the support of our local communities. We, the Board, invite you to not just open an account but consider all of your banking needs and speak with Charli or our staff about your requirements. We need your full banking including loans and deposits to build our Company's business and to deliver on our promise to invest in even more in our communities.

We really appreciate the support of our Canungra and Beaudesert communities and look forward to continuing to provide "Good old face to face customer service" to our region.

Regards



Janine Rockliff
Chairperson

Manager's report

For year ending 30 June 2023

On behalf of our recently departed Branch Manager Peter Holzknecht, I offer the following report on the significant achievements of your Community Bank in the year ended 30 June 2023; It has been a challenging but satisfying year for the Bank in the last Financial Year.

I begin my reflecting upon the environment in which we operated throughout 2022/23, a year in which we collectively and mistakenly believed that the worst of the COVID-19 Pandemic had passed us by, only to collectively also understand the meaning of the word "Omicron".

You are all aware of the effect of various lockdowns upon business and consumer confidence, and the corresponding effects upon the Real Estate Market and related circumstances.

Your local Community Bank was not immune from these impacts, and we, like all businesses confronted 'head-on' the challenges of immunising at our workforce to protect our community and customers and our colleagues from COVID-19, while simultaneously maintaining continuity of service with our Community Bank Canungra & District branch and our Bendigo Bank.

You will be aware, that these circumstances flowed through to housing, construction, and real estate markets, and while we were able to pass on the benefits to our customers of the lowest Home-lending interest rates since the 1960s, service-delivery in a constrained labour market, together with constraints in growing home-lending made the year a challenging one. There were significant insights gained however. We took the opportunity to get closer with our community and our customers to understand their banking needs and wants. We listened when our customers told us that they were looking for a range of banking conveniences in order to conduct their business, complete their banking. We consolidated our footprint, retained our most of our wonderful Team, Jimmy, Candice and Shana.

The figures supporting our efforts to take banking services to our community speak for themselves. While our contracted throughout the year lending YTD and as at 30 June 2023 we had a small growth of \$354,693 however our deposit holding grew by \$8,841,510 to deliver aggregated growth in our 'book value' of \$9,196,203 YTD at the EOFY (this is the actual growth). This means we delivered 81.93% of our targeted growth.

Importantly, our branch customers continued to receive our renowned wonderful service, and our Community Bank Canungra & District branch served 6,017 customers for a value of \$7,931,429 as well as the Bendigo Bank Beaudesert alone processed an amazing 1,639 transactions totalling \$1,107,738. The achievement we are most proud of however is that our commitment to, and support of the Canungra, Beaudesert and surrounding community remained steadfast. Notwithstanding the challenges of COVID-19 and associated impacts, our community involvement remained solid. This was evidenced by our support of business throughout the community.

These are just a few of the ways we work as part of your community, our community, to feed into the prosperity and not feed off it!

This year has also brought changes in our team; we welcomed Shana and Sue to the team and we farewelled Hannah and very importantly, we lost the then captain of the ship in Peter, who left the team to pursue other endeavours.

We did, however, get a new leader, Charli Baden, just five days before the EOFY.

And with that, our strength and commitment will remain despite the changes to our team and our focus on the customer and putting the customer at the centre of everything we do is unchanged.

We could not have returned such great results and support to the community without the loyalty of our customers, local people who share our ideas of putting back into the Community.

Manager's report (continued)

Of course, we couldn't talk about putting back into the Community without acknowledging the support of our hard-working, voluntary Board! Led by Janine Rockliff, who's strategic leadership has guided your Community Bank through the most challenging year in our history.

Without their unwavering and steady support, care for our community and our team we could never re-invest in our community in the way we have. And as for the future; the forthcoming year for your Community Bank looks bright! With continuing upward pressure of interest rates, and close to full employment in the economy, revenue-share and return on equity continues to rise.

While increasing costs in the economy will likely constrain lending further, we will remain competitive with the Big 4 Banks and most importantly, we are confident that we will win hands-down where it counts most, namely in the outstanding service we provide to our customers.

Thank you and I look forward to the great year ahead!

Charli Baden
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023



As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than \$300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact through grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

A stylized, handwritten signature in dark grey ink, consisting of a series of loops and a long horizontal stroke.

Sarah Franklyn
CBNC Chair

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:	Janine Pamela Rockliff
Title:	Non-executive director
Experience and expertise:	Janine holds a Bachelor of Business (Property Studies) and is a Certified Practising Valuer registered in Queensland, and Associate of the Australian Property Institute and has worked as a property valuer in both the public and private sectors over the past 15 years. Janine was the Chairperson of the Canungra & District Community Bank Project Steering Committee and is an active member in the Chamber of Commerce and a member of the Sports & Recreation Association.
Special responsibilities:	Chair, HR/Staff Committee
Name:	Jeffery Lewis
Title:	Non-executive director
Experience and expertise:	Jeff has undertaken a number of roles over the years with expertise including business development consultant, auctioneer, business management degree, diploma in automotive management.
Special responsibilities:	Company secretary
Name:	Terry Robert Watkins
Title:	Non-executive director
Experience and expertise:	Terry was formerly a Telstra/Telecom linesman, primary producer, and member of the armed forces. Terry currently owns and operates a service station within the catchment area of the Canungra district. Terry is involved in a number of community groups and is currently 1st Officer Tamborine Rural Fire Brigade.
Special responsibilities:	Audit & Finance Committee
Name:	Christine Mary Watkins
Title:	Non-executive director
Experience and expertise:	Christine Watkins is a fully Licenced Real Estate Agent, holds an Associate Diploma in Community Services and is a Justice of the Peace. She has previously worked as a Youth Worker, Employment Adviser & trainer for able & disabled job seekers. Christine was a Personal Adviser, Trainer & Customer Service Officer for Centrelink before moving to Real Estate. Christine also has experience running a service station after moving to the area 14 ½ years ago.
Special responsibilities:	Nil
Name:	Catriona Anne Smith
Title:	Non-executive director
Experience and expertise:	Catriona has previously worked as Equine Trainer and Manager and Disability Support Worker. Previously sat on the Board of the Queensland Polo Association. Generally happy getting involved in anything to do with her local community.
Special responsibilities:	Shareholder registry and communication
Name:	Keer Maree Moriarty
Title:	Non-executive director
Experience and expertise:	Keer is owner of Scenic Rim Media, a company that controls The Canungra Times and Beaudesert Bulletin newspapers. She has owned the Canungra Times for over 10 years and started Beaudesert Bulletin in 2020. Keer has a keen interest in both communities and was a member of the steering group that advocated for the community bank in Canungra.
Special responsibilities:	Nil

Directors' report (continued)

Name:	Caroline Louise Bugg
Title:	Non executive director (resigned 29 June 2023)
Experience and expertise:	Caroline holds a Bachelor of Business in Accounting, is a CPA and is an accounting professional with over 25 years experience. Her previous board experience includes 4 years with Gender Centre.
Special responsibilities:	Nil
Name:	Douglas Robert Ward
Title:	Non-executive director (resigned 4 October 2022)
Experience and expertise:	Current President of the Beaudesert Bowls Club. My career was in Club and Hotel Management all over New South Wales, Queensland, and the Northern Territory.
Special responsibilities:	Nil
Name:	Janine Nada Buckley
Title:	Non-executive director (resigned 27 September 2022)
Experience and expertise:	Janine is currently a Customer Service Delivery Manager at Bupa Australia having previously worked as a Senior Project Manager at SPARQ Solutions (IT for Energex and Ergon Energy). Janine has extensive experience in project management and delivery across various industries.
Special responsibilities:	Nil
Name:	Michael Thomas Richardson
Title:	Non-executive director (resigned 4 August 2022)
Experience and expertise:	Currently operating his own dog grooming business. Michael also been self employed for 22 years running a transport company, 8 years within the Australian Army, and 3 years in the prison service. Previously the president of the Corinda Bowls Club and currently the bar manager at Beaudesert Bowls Club.
Special responsibilities:	Nil

Company secretary

The company secretary is Jeffery Lewis. Jeffery was appointed to the position of company secretary on 27 January 2022.

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 \$161,303 (30 June 2022: loss of \$55,222).

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

No dividends were declared or paid in the current financial year.

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.

Directors' report (continued)

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
Janine Pamela Rockliff	7	7
Jeffery Lewis	7	6
Terry Robert Watkins	7	5
Christine Mary Watkins	7	7
Catriona Anne Smith	7	6
Keer Maree Moriarty	7	5
Caroline Louise Bugg	7	3
Douglas Robert Ward	3	2
Janine Nada Buckley	3	1
Michael Thomas Richardson	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 except as disclosed in note 25 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
Janine Pamela Rockliff	2,501	-	2,501
Jeffery Lewis	2,000	-	2,000
Terry Robert Watkins	5,001	-	5,001
Christine Mary Watkins	5,000	-	5,000
Catriona Anne Smith	2,500	-	2,500
Keer Maree Moriarty	1,500	-	1,500
Caroline Louise Bugg	-	-	-
Douglas Robert Ward	-	-	-
Janine Nada Buckley	-	-	-
Michael Thomas Richardson	-	-	-

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.

Directors' report (continued)

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 26 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



Janine Rockliff
Chair

25 August 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 Canungra & District Community Financial Group Ltd.

As lead auditor for the audit of Canungra & District Community Financial Group Ltd. for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 August 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor



Financial statements

Canungra & District Community Financial Group Ltd. Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	670,161	386,028
Other revenue	7	41,250	47,500
Total revenue		<u>711,411</u>	<u>433,528</u>
Employee benefits expense	8	(287,914)	(277,602)
Advertising and marketing costs		(9,575)	(5,376)
Occupancy and associated costs		(5,706)	(7,477)
System costs		(23,208)	(25,811)
Depreciation and amortisation expense	8	(68,979)	(76,922)
Finance costs	8	(23,795)	(21,841)
General administration expenses		(65,546)	(69,421)
Total expenses before community contributions and income tax expense		<u>(484,723)</u>	<u>(484,450)</u>
Profit/(loss) before community contributions and income tax (expense)/benefit		226,688	(50,922)
Charitable donations and sponsorships expense		<u>(12,699)</u>	<u>(21,578)</u>
Profit/(loss) before income tax (expense)/benefit		213,989	(72,500)
Income tax (expense)/benefit	9	<u>(52,686)</u>	<u>17,278</u>
Profit/(loss) after income tax (expense)/benefit for the year	21	161,303	(55,222)
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>161,303</u></u>	<u><u>(55,222)</u></u>
		Cents	Cents
Basic earnings per share	28	19.37	(6.63)
Diluted earnings per share	28	19.37	(6.63)

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

Financial statements (continued)

Canungra & District Community Financial Group Ltd. Statement of financial position As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	10	9,170	-
Trade and other receivables	11	74,934	42,360
Total current assets		<u>84,104</u>	<u>42,360</u>
Non-current assets			
Property, plant and equipment	12	89,829	104,061
Right-of-use assets	13	313,085	333,817
Intangible assets	14	27,789	43,036
Deferred tax assets	9	189,168	241,854
Total non-current assets		<u>619,871</u>	<u>722,768</u>
Total assets		<u>703,975</u>	<u>765,128</u>
Liabilities			
Current liabilities			
Trade and other payables	15	48,489	36,824
Borrowings	16	-	192,833
Lease liabilities	17	30,118	27,673
Current tax liabilities	9	4	-
Employee benefits	18	8,946	9,573
Total current liabilities		<u>87,557</u>	<u>266,903</u>
Non-current liabilities			
Trade and other payables	15	11,662	23,325
Borrowings	16	-	13,502
Lease liabilities	17	315,313	334,151
Employee benefits	18	3,855	3,802
Lease make good provision	19	16,041	15,201
Total non-current liabilities		<u>346,871</u>	<u>389,981</u>
Total liabilities		<u>434,428</u>	<u>656,884</u>
Net assets		<u>269,547</u>	<u>108,244</u>
Equity			
Issued capital	20	801,863	801,863
Accumulated losses	21	(532,316)	(693,619)
Total equity		<u>269,547</u>	<u>108,244</u>

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

Financial statements (continued)

Canungra & District Community Financial Group Ltd. Statement of changes in equity For the year ended 30 June 2023

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021	801,863	(638,397)	163,466
Profit after income tax expense	-	(55,222)	(55,222)
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	(55,222)	(55,222)
Balance at 30 June 2022	<u>801,863</u>	<u>(693,619)</u>	<u>108,244</u>
Balance at 1 July 2022	801,863	(693,619)	108,244
Profit after income tax expense	-	161,303	161,303
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	161,303	161,303
Balance at 30 June 2023	<u>801,863</u>	<u>(532,316)</u>	<u>269,547</u>

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

Financial statements (continued)

Canungra & District Community Financial Group Ltd. Statement of cash flows For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		746,939	470,976
Payments to suppliers and employees (inclusive of GST)		(467,239)	(448,398)
Interest and other finance costs paid		(6,520)	(4,425)
Income taxes refunded		4	-
Net cash provided by operating activities	27	273,184	18,153
Cash flows from investing activities			
Payments for property, plant and equipment		(2,190)	-
Payments for intangible assets		(10,583)	(19,603)
Net cash used in investing activities		(12,773)	(19,603)
Cash flows from financing activities			
Repayment of lease liabilities	17	(44,906)	(41,622)
Repayment of borrowings		(21,950)	(7,139)
Net cash used in financing activities		(66,856)	(48,761)
Net increase/(decrease) in cash and cash equivalents		193,555	(50,211)
Cash and cash equivalents at the beginning of the financial year		(184,385)	(134,174)
Cash and cash equivalents at the end of the financial year	10	9,170	(184,385)

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 Canungra & District Community Financial Group Ltd. (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

Shop 1, 44 Christie Street, Canungra Queensland

Principal place of business

Shop 1, 44 Christie Street, Canungra Queensland
17 William Street Beaudesert Queensland

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 25 August 2023. The directors have the power to amend and reissue the financial statements.

Going concern

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

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.

Notes to the financial statements (continued)

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.

Notes to the financial statements (continued)

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

Going concern

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in March 2025.

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.

Notes to the financial statements (continued)

Note 5. 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 6. Revenue from contracts with customers

	2023 \$	2022 \$
Margin income	576,520	283,456
Fee income	43,117	40,000
Commission income	50,524	62,572
	<u>670,161</u>	<u>386,028</u>

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.

Notes to the financial statements (continued)

Note 6. 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 7. Other revenue

	2023 \$	2022 \$
Market development fund	41,250	47,500

Notes to the financial statements (continued)

Note 7. Other revenue (continued)

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

Revenue stream

Discretionary financial contributions (also "Market development fund" or "MDF" income)

Revenue recognition policy

MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 \$	2022 \$
Wages and salaries	252,203	250,612
Superannuation contributions	25,929	24,031
Expenses related to long service leave	53	(4,314)
Other expenses	9,729	7,273
	<u>287,914</u>	<u>277,602</u>

Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	9,279	9,279
Plant and equipment	7,143	14,324
	<u>16,422</u>	<u>23,603</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>32,810</u>	<u>30,442</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	6,620	7,866
Franchise establishment fee	-	6,301
Franchise renewal process fee	10,602	6,185
Domiciled customer accounts	2,525	2,525
	<u>19,747</u>	<u>22,877</u>
	<u>68,979</u>	<u>76,922</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Finance costs

	2023 \$	2022 \$
Bank loan interest paid or accrued	6,520	4,425
Lease interest expense	16,435	16,620
Unwinding of make-good provision	840	796
	<u>23,795</u>	<u>21,841</u>

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

Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u>8,414</u>	<u>8,414</u>

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 \$
<i>Income tax expense/(benefit)</i>		
Movement in deferred tax	(4,096)	(5,843)
Recoupment of prior year tax losses	56,782	-
Future income tax benefit attributable to losses	-	(11,435)
Aggregate income tax expense/(benefit)	<u>52,686</u>	<u>(17,278)</u>
<i>Prima facie income tax reconciliation</i>		
Profit/(loss) before income tax (expense)/benefit	<u>213,989</u>	<u>(72,500)</u>
Tax at the statutory tax rate of 25%	53,497	(18,125)
Tax effect of:		
Non-deductible expenses	729	2,387
Other deductible expenses	<u>(1,540)</u>	<u>(1,540)</u>
Income tax expense/(benefit)	<u>52,686</u>	<u>(17,278)</u>

Notes to the financial statements (continued)

Note 9. Income tax (continued)

	2023 \$	2022 \$
<i>Deferred tax assets/(liabilities)</i>		
Provision for lease make good	4,009	3,800
Accrued expenses	1,000	801
Lease liabilities	86,358	90,456
Right-of-use assets	(78,271)	(83,454)
Employee provisions	3,200	3,344
Carried-forward tax losses	175,218	231,999
Property, plant and equipment	(1,215)	(3,923)
Prepayments	(1,131)	(1,169)
Deferred tax asset	<u>189,168</u>	<u>241,854</u>
	2023 \$	2022 \$
Provision for income tax	<u>4</u>	<u>-</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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

Notes to the financial statements (continued)

Note 10. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	9,170	-

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:

Balances as above	9,170	-
Bank overdraft (note 16)	-	(184,385)
Balance as per statement of cash flows	9,170	(184,385)

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	70,410	37,686
Prepayments	4,524	4,674
	74,934	42,360

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	139,110	139,110
Less: Accumulated depreciation	(56,262)	(46,983)
	82,848	92,127
Plant and equipment - at cost	93,229	91,039
Less: Accumulated depreciation	(86,248)	(79,105)
	6,981	11,934
	89,829	104,061

Notes to the financial statements (continued)

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2021	101,406	26,258	127,664
Depreciation	(9,279)	(14,324)	(23,603)
Balance at 30 June 2022	92,127	11,934	104,061
Additions	-	2,190	2,190
Depreciation	(9,279)	(7,143)	(16,422)
Balance at 30 June 2023	<u>82,848</u>	<u>6,981</u>	<u>89,829</u>

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	15 years
Plant and equipment	1 to 13 years

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

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

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

Changes in estimates

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

Note 13. Right-of-use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	481,735	469,657
Less: Accumulated depreciation	(168,650)	(135,840)
	<u>313,085</u>	<u>333,817</u>

Notes to the financial statements (continued)

Note 13. Right-of-use assets (continued)

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	352,238
Remeasurement adjustments	12,021
Depreciation expense	(30,442)
Balance at 30 June 2022	333,817
Remeasurement adjustments	12,078
Depreciation expense	(32,810)
Balance at 30 June 2023	<u>313,085</u>

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 \$
Domiciled customer accounts	12,623	12,623
Less: Accumulated amortisation	(10,099)	(7,574)
	<u>2,524</u>	<u>5,049</u>
Franchise fee	30,568	26,068
Less: Accumulated amortisation	(23,857)	(17,237)
	<u>6,711</u>	<u>8,831</u>
Franchise renewal fee	35,341	35,341
Less: Accumulated amortisation	(16,787)	(6,185)
	<u>18,554</u>	<u>29,156</u>
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
	<u>27,789</u>	<u>43,036</u>

Notes to the financial statements (continued)

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:

	Domiciled customer accounts \$	Franchise fee \$	Establishment fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	7,574	629	6,301	-	14,504
Additions	-	16,068	-	35,341	51,409
Amortisation expense	(2,525)	(7,866)	(6,301)	(6,185)	(22,877)
Balance at 30 June 2022	5,049	8,831	-	29,156	43,036
Additions	-	4,500	-	-	4,500
Amortisation expense	(2,525)	(6,620)	-	(10,602)	(19,747)
Balance at 30 June 2023	2,524	6,711	-	18,554	27,789

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 and domiciled customer accounts 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	March 2025
Domiciled customer accounts	Straight-line	5 years	June 2024
Franchise renewal fee	Straight-line	5 years	March 2025

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 \$
<i>Current liabilities</i>		
Trade payables	21,685	12,535
Other payables and accruals	26,804	24,289
	<u>48,489</u>	<u>36,824</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>11,662</u>	<u>23,325</u>

Notes to the financial statements (continued)

Note 15. Trade and other payables (continued)

Accounting policy for trade and other payables

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

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

Note 16. Borrowings

	2023 \$	2022 \$
<i>Current liabilities</i>		
Bank overdraft	-	184,385
Bank loans	-	8,448
	<u>-</u>	<u>192,833</u>
<i>Non-current liabilities</i>		
Bank loans	-	13,502
	<u>-</u>	<u>13,502</u>

Financing arrangements

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

	2023 \$	2022 \$
Total facilities		
Bank overdraft	<u>200,000</u>	<u>235,000</u>
Used at the reporting date		
Bank overdraft	<u>-</u>	<u>184,385</u>
Unused at the reporting date		
Bank overdraft	<u>200,000</u>	<u>50,615</u>

Bank overdraft

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

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.

Notes to the financial statements (continued)

Note 17. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	45,330	43,633
Unexpired interest	(15,212)	(15,960)
	<u>30,118</u>	<u>27,673</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	380,027	411,359
Unexpired interest	(64,714)	(77,208)
	<u>315,313</u>	<u>334,151</u>
<i>Reconciliation of lease liabilities</i>		
	2023 \$	2022 \$
Opening balance	361,824	374,805
Remeasurement adjustments	12,078	12,021
Lease interest expense	16,435	16,620
Lease payments - total cash outflow	(44,906)	(41,622)
	<u>345,431</u>	<u>361,824</u>
<i>Maturity analysis</i>		
	2023 \$	2022 \$
Not later than 12 months	45,330	43,633
Between 12 months and 5 years	181,320	174,533
Greater than 5 years	198,707	236,826
	<u>425,357</u>	<u>454,992</u>

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 variable 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.

Notes to the financial statements (continued)

Note 17. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Canungra Branch	5.39%	5 years	1 x 5 years	Yes	September 2031
Beaudesert Customer Service Centre	3.54%	4 years	2 x 5 years	Yes	December 2034

Remeasurement adjustments

During the financial year the monthly rent amount for both the leases increased. As such an adjustment was required for the remeasurement of the lease liability and right-of-use asset.

Note 18. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	<u>8,946</u>	<u>9,573</u>
<i>Non-current liabilities</i>		
Long service leave	<u>3,855</u>	<u>3,802</u>

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

Notes to the financial statements (continued)

Note 18. Employee benefits (continued)

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	16,041	15,201

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be \$25,000 for the Canungra 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 31 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	832,660	832,660	832,660	832,660
Less: Equity raising costs	-	-	(30,797)	(30,797)
	832,660	832,660	801,863	801,863

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.

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

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").
- 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 160. As at the date of this report, the company had 284 shareholders (2022: 284 shareholders).

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

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

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

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

Note 21. Accumulated losses

	2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(693,619)	(638,397)
Profit/(loss) after income tax (expense)/benefit for the year	161,303	(55,222)
Accumulated losses at the end of the financial year	<u>(532,316)</u>	<u>(693,619)</u>

Notes to the financial statements (continued)

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. Financial instruments

	2023 \$	2022 \$
Financial assets		
Trade and other receivables	70,410	37,686
Cash and cash equivalents	9,170	-
	<u>79,580</u>	<u>37,686</u>
Financial liabilities		
Trade and other payables	60,151	60,149
Lease liabilities	345,431	361,824
Bank loans	-	21,950
Bank overdrafts	-	184,385
	<u>405,582</u>	<u>628,308</u>

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.

Notes to the financial statements (continued)

Note 23. 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. 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 \$9,170 at 30 June 2023 (2022: \$nil).

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	200,000	50,615

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	48,489	11,662	-	60,151
Lease liabilities	45,330	181,320	198,707	425,357
Total non-derivatives	93,819	192,982	198,707	485,508

Notes to the financial statements (continued)

Note 23. Financial instruments (continued)

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2022				
Bank overdraft	184,385	-	-	184,385
Bank loans	8,448	13,502	-	21,950
Trade and other payables	36,824	23,325	-	60,149
Lease liabilities	43,633	174,533	236,826	454,992
Total non-derivatives	273,290	211,360	236,826	721,476

Note 24. Key management personnel disclosures

The following persons were directors of Canungra & District Community Financial Group Ltd. during the financial year and/or up to the date of signing of these Financial Statements.

Janine Pamela Rockliff
Jeffery Lewis
Terry Robert Watkins
Christine Mary Watkins
Catriona Anne Smith

Keer Maree Moriarty
Caroline Louise Bugg
Douglas Robert Ward
Janine Nada Buckley
Michael Thomas Richardson

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 25. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
Keer Moriarty's company, Scenic Rim Media Pty Ltd, which controls the Canungra Times and Beaudesert Bulletin newspapers provided advertising and printing/photocopying.	4,305	4,016

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

Notes to the financial statements (continued)

Note 26. 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 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,400	5,200
<i>Other services</i>		
Taxation advice and tax compliance services	660	600
General advisory services	2,830	2,330
Share registry services	2,100	2,000
	5,590	4,930
	10,990	10,130

Note 27. 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	161,303	(55,222)
Adjustments for:		
Depreciation and amortisation	68,979	76,923
Lease liability interest	16,435	16,620
Change in operating assets and liabilities:		
Increase in trade and other receivables	(32,574)	(5,532)
Decrease/(increase) in deferred tax assets	52,686	(17,278)
Increase in trade and other payables	6,085	5,652
Increase in provision for income tax	4	-
Decrease in employee benefits	(574)	(3,806)
Increase in other provisions	840	796
Net cash provided by operating activities	273,184	18,153

Note 28. Earnings per share

	2023 \$	2022 \$
Profit/(loss) after income tax	161,303	(55,222)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	832,660	832,660
Weighted average number of ordinary shares used in calculating diluted earnings per share	832,660	832,660
	Cents	Cents
Basic earnings per share	19.37	(6.63)
Diluted earnings per share	19.37	(6.63)

Notes to the financial statements (continued)

Note 28. Earnings per share (continued)

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Canungra & District Community Financial Group Ltd., by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. 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



Janine Rockliff
Chair

25 August 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 Canungra & District Community Financial Group Ltd.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Canungra & District Community Financial Group Ltd. (the company), which comprises:

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

In our opinion, the accompanying financial report of Canungra & District Community Financial Group Ltd., is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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



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Liability limited by a scheme approved under Professional Standards Legislation.



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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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 August 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

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