Annual Report 2023

Chittering Financial Services Limited

Community Bank
Bullsbrook-Ellenbrook and Bindoon

ABN 77 096 017 506

Contents

Chairman's Report

For the year ending 30 June 2023

Dear Shareholders,

It's with great pleasure I present this year's financials for Chittering Financial Services Ltd.

After a number of challenging years, thanks to RBA interest rate rises we've seen significant income growth and increased profits after some of the tightest trading conditions we've experienced since opening, and the 2009/2010 financial crisis.

We could not have achieved our current level of success without the consistent efforts of our dedicated staff in the Community Bank Bindoon and Bullsbrook-Ellenbrook branches. Under the leadership of our management team Allen Amor, Sascha Smith and David Blyton our team has gained recognition from not only the directors of Chittering Financia Services Ltd but also from Bendigo Bank WA staff. Individuals from our team have been assisting other Community Banks with operational training and coaching sessions. On behalf of the Board, I thank you all.

Thanks as always for the input and support with products and processes from Bendigo and Adelaide Bank Ltd with special mention to our Regional Manager Victoria Quinn.

Driven to secure the future of our Community Bank the team has increased the lending book by 2.2% in an easing marketing with competitors biting at our ankles. As a result of income growth from interest rate rises, we have seen our Balance Sheet swell by $564,343 to $931,411. This year Chittering Financial Services Ltd has achieved an after-tax Nett Profit of $589,282.

Chairman's Report (continued)

We have set aside reserves of $90,909 in the Community Enterprise Foundation to be used towards future community project, whilst still contributing over $37,600 in sponsorships, grants and donations to events and groups like:

The Taste of Chittering	**Equestrian WA**	**Chittering Wildlife Carers**
Bindoon Mountain Bike Club	**Bindoon Mountain Bike Park**	**Bindoon Cricket Club**
Bullsbrook Jnr Football Club	**Chequers Golf Club**	**VCA 88.50 Radio Station**
Ellenbrook Multicultural Community	**Bindoon NYE Event**	**Chat and Connect Community**

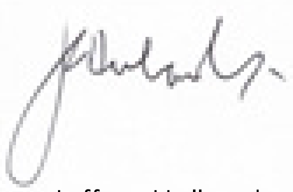
The board is pleased to declare a fully franked dividend of 10c per share for the year end 30th June 2023.

Year	Dividend	Profit
Jun-08	10c	$ 136,671.00
Jun-09	10c	$ 93,081.00
Jun-10	.	-$ 57,275.00
Jun-11	2.5c	$ 28,574.00
Jun-12	2.5c	$ 46,168.00
Jun-13	.	-$ 85,847.00
Jun-14	.	-$ 49,084.00
Jun-15	.	$ 44,460.00
Jun-16	.	-$ 63,657.00
Jun-17	.	-$ 44,538.00
Jun-18	.	$ 105,796.00
Jun-19	2c	$ 68,746.00
Jun-20	2c	$ 84,204.00
Jun-21	2c	$ 77,075.00
Jun-22	5c	$ 88,723.00
Jun-23	10c	$ 589,282.00

Having seen significant interest rate rises this past year does not mean we will be 'resting on our laurels'. Industry reports expect an easing of the market leading to some changes in our income. The board and managers will be working to protect our lending book, increase business activity to retain the income we've achieved this past financial year.

Our board has benefited significantly from the addition of Craig Seddon and Jonothan Dwyer. With a diverse range of industry experience our board has become significantly stronger and more strategic in our goals for the future. Thank you, Graham Dore, Adrian Clarke, Nicolette Grundlingh (Ward) and John Williams for your commitment over the past years.

As always Chittering Financial Services still needs your support. We welcome you to contact our branch staff should you need assistance with any banking or financial products.



Jeffrey Hollands

Chair

Senior Manager's Report

For the year ending 30 June 2023

Chittering Financial Services Limited (CFS Ltd) over the past year experienced net portfolio growth of 2.2% or just shy of $5 million growing our total footings to more than $226 million.

The unprecedented rapid rise in the RBA cash rate over the last 12 months has presented challenges and opportunities for our customers and business alike. Market expectations are that rates will plateau over the upcoming period however as experienced it is difficult to forecast outcomes.

CFS Ltd continues to support its communities and we have contributed more back this year to the people that support our business than previous years, in particular the building of new Bindoon Mountain Bike Track.

Staff are our biggest asset and the teams at Community Bank Bullsbrook-Ellenbrook and Bindoon continue to provide high levels of customer service to our existing and new customers. Congratulations to Community Bank Bindoon for winning WA Branch of the year (2021/2022), well done Sascha and her team.

During the year the Company reviewed its Bindoon branch structure appointing Sascha Smith to the position of Branch Manager (previously Assistant Branch Manager) and provided Bee Hills the opportunity to take on more responsibilities as the Customer Relationship Officer to support Sascha in her new role.

On behalf of all staff, we would like to take the opportunity to thank our supportive group of Directors without who's guidance, support and direction we could not continue to back the communities in which we operate.

Our people are the key to the past, present and ongoing success of the business and I would like to take the opportunity to thank all staff for their efforts over the year, and welcome Jarad Spence and Fiona Hartree-Simpson to the team.

I personally would like to thank Sascha and David Blyton, Business Development Manager, who directly support me to ensure that CFS Ltd continues to prosper in these challenging times.

Allen Amor
Senior Branch Manager

Sascha Smith
Branch Manager

David Blyton
Business Development Manager

Bendigo and Adelaide Bank Report

Community Bank Report 2023
BEN Message
August 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.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Director's Report

For the year ending 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:	Jeffrey Robert Hollands
Title:	Non-executive director
Experience and expertise:	Jeffrey is a retired Insurance Broker. Owner and Managing Director of Westcourt General Insurance Brokers, approximately 35 years. Former Rotarian. Has a diploma in Financial Services. Is a citizen of Western Australia and hold a centenary medal and Australian sports medal. Independent of Community Broker Network Pty Ltd owned by ASX Listed Steadfast Ltd, Insight Holdings Pty Ltd and Colima Equities Pty Ltd.
Special responsibilities:	Chair

Name:	Nicolette Joy Grundlingh (Ward)
Title:	Non-executive director
Experience and expertise:	Nicolette is an Executive Administrator. Over a period of 23 years Nicolette has developed a range of business knowledge and skills which she adapts and applies to her role as Company Secretary. Working closely with the branch staff and directors she continues to focus on board governance and business management. Nicolette is the former Chair of CFS, has over 8 years of mortgage experience within banking and broker markets, over 4 years in large and domestic construction industries and been involved in community projects, volunteering in leadership programs within the Swan Valley region.
Special responsibilities:	Company Secretary, all Sub Committees

Name:	John Trevor Williams
Title:	Non-executive director
Experience and expertise:	John is a retired Accountant. B. Bus at W.A.I.T and member of the Institute of Chartered Accountants in Australia and New Zealand. Previously employed in a local abattoir for 3 years. John also has experience in local and interstate farms, as a shearer and shedhand in the wool industry for 10 years, as a fettler on the Central Australian Railways and as an accountant for 35 years. John is also the Treasurer of the Bindoon Volunteer Bush Fire Brigade and the Treasurer of the Bindoon Men's Shed Incorporated. As well as a Member of the Chittering Cancer Support Group and a Board Member of Edmund Rice College.
Special responsibilities:	Treasurer, Finance Committee

Name:	Graham Dore
Title:	Non-executive director
Experience and expertise:	Prior to retiring to Australia Graham formed and ran a Self-Drive Vehicle Rental Company in 1989 in the UK (which is still operating). From 1980 to 1989 Graham was Managing Director of one of the largest motor parts distributors in the UK. Throughout his career he has always been included in finance and human resources. Graham is currently Treasurer of Swan Valley Community Centre, and Ellenbrook Community Radio.
Special responsibilities:	Deputy Chair, HR/Legal and Community Contributions Committees

Name:	Adrian Clarke
Title:	Non-executive director
Experience and expertise:	Adrian is an Office Assistant/Bookkeeper. Adrian has over 30 years' experience in IT, 18 years of that was at Crown Casino. He has a Diploma of Business, Associate Diploma in IT and Certificate IV in Mental Health and Accounting and Bookkeeping. Adrian is a busy community volunteer, he is Treasurer of the Ellenbrook Lions Club, Finance Manager of the Swan Valley Medieval Fayre Inc, Treasurer of the Ellenbrook & Districts Residents and Ratepayers Association, President of the ESC P&C and associated subcommittees. Adrian is a director of a mental health NFP, Centre for Youth Health and Wellbeing Ltd, and a director of Waterhall Super Pty Ltd. He is owner and manager of The Empty Shoe Box. Adrian in his spare time helps organise and run community events like the Lions Christmas Carols and Swan Valley Medieval Fayre.
Special responsibilities:	Finance, Community Contributions, Safety & Marketing Committees

Name:	Craig Robert Seddon
Title:	Non-executive director
Experience and expertise:	Director of Westcourt Family Business Accountants. Company Secretary of Emu Nest Foundation. Fellow of the Chartered Accountants Australia and New Zealand. Chartered Tax Advisor (The Tax Institute of Australia). Bachelor of Business (major in Accounting & Finance).
Special responsibilities:	Nil

Name:	Jonathan James Dwyer
Title:	Non-executive director
Experience and expertise:	Bindoon Ranges, beef cattle production 2000 - current (owner/operator). Bindoon Hill Gravel Supply 2000-2019 (owner/operator). Chittering Chamber of Commerce 2015-2019 (member, Secretary and Vice President). Wholistic Farm Management 2000-2006. Associate Diploma of Applied Science, Project Supervision. Certificate of Building Management, Construction.
Special responsibilities:	Nil

Name:	Kylie Michelle Hughes
Title:	Non-executive director (resigned 30 November 2022)

No directors have material interest in contracts or proposed contracts with the company.

Company secretary
The Company Secretary is Nicolette Joy Grundlingh (Ward). Nicolette was appointed to the position of Company Secretary on 2 December 2020.

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 $589,282 (30 June 2022: $88,723).

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

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

	2023 **$**
Fully franked dividend of 5 cents per share (2022: 2 cents)	24,936

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

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

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

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

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

	Board	
	Eligible	Attended
Jeffrey Robert Hollands	13	11
Nicolette Joy Grundlingh (Ward)	13	13
John Trevor Williams	12	9
Graham Dore	12	12
Adrian Clarke	13	12
Craig Robert Seddon	13	10
Jonathan James Dwyer	12	6
Kylie Michelle Hughes	5	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Jeffrey Robert Hollands	3,000	-	3,000
Nicolette Joy Grundlingh (Ward)	-	-	-
John Trevor Williams	-	-	-
Graham Dore	-	2,500	2,500
Adrian Clarke	16,101	12,000	28,601
Craig Robert Seddon	-	-	-
Jonathan James Dwyer	-	-	-
Kylie Michelle Hughes	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 29 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

Jeffrey Robert Hollands
Chair

22 September 2023

Auditor's Independence Declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Chittering Financial Services Limited

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

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

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

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	7	2,113,391	1,324,583
Other revenue	8	86,936	85,754
Finance revenue		12,553	1,393
Gain on remeasurement of right-of-use assets	9	26,040	-
Total revenue		2,238,920	1,411,730
Employee benefits expense	10	(928,790)	(888,529)
Advertising and marketing costs		(23,461)	(23,980)
Occupancy and associated costs		(51,119)	(50,987)
System costs		(43,654)	(49,805)
Depreciation and amortisation expense	10	(94,912)	(82,189)
Finance costs	10	(18,390)	(19,610)
General administration expenses		(163,553)	(162,212)
Total expenses before community contributions and income tax expense		(1,323,879)	(1,277,312)
Profit before community contributions and income tax expense		915,041	134,418
Charitable donations and sponsorships expense	10	(128,602)	(15,295)
Profit before income tax expense		786,439	119,123
Income tax expense	11	(197,157)	(30,400)
Profit after income tax expense for the year	23	589,282	88,723
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		589,282	88,723
		Cents	**Cents**
Basic earnings per share	31	118.16	17.79
Diluted earnings per share	31	118.16	17.79

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

Statement of Financial Position as at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	12	1,100,921	519,058
Trade and other receivables	13	174,715	138,553
Total current assets		1,275,636	657,611
Non-current assets			
Property, plant and equipment	14	91,036	57,514
Right-of-use assets	15	209,099	232,688
Intangible assets	16	105,382	131,728
Deferred tax assets	11	33,601	46,668
Total non-current assets		439,118	468,598
Total assets		1,714,754	1,126,209
Liabilities			
Current liabilities			
Trade and other payables	17	183,268	116,280
Borrowings	18	11,085	20,797
Lease liabilities	19	49,080	49,495
Current tax liabilities	11	64,090	12,208
Employee benefits	20	84,570	57,871
Lease make good provision	21	-	58,376
Total current liabilities		392,093	315,027
Non-current liabilities			
Trade and other payables	17	57,961	115,921
Borrowings	18	25,752	12,278
Lease liabilities	19	226,181	259,033
Employee benefits	20	25,158	32,576
Lease make good provision	21	56,198	24,309
Total non-current liabilities		391,250	444,117
Total liabilities		783,343	759,144
Net assets		931,411	367,065
Equity			
Issued capital	22	495,209	495,209
Retained earnings/(accumulated losses)	23	436,202	(128,144)
Total equity		931,411	367,065

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

Statement of Changes in Equity for the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		495,209	(206,893)	288,316
Profit after income tax expense		-	88,723	88,723
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	88,723	88,723
Transactions with owners in their capacity as owners:				
Dividends provided for	25	-	(9,974)	(9,974)
Balance at 30 June 2022		495,209	(128,144)	367,065

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		495,209	(128,144)	367,065
Profit after income tax expense		-	589,282	589,282
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	589,282	589,282
Transactions with owners in their capacity as owners:				
Dividends provided for	25	-	(24,936)	(24,936)
Balance at 30 June 2023		495,209	436,202	931,411

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

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)		2,389,263	1,533,113
Payments to suppliers and employees (inclusive of GST)		(1,525,266)	(1,312,576)
Interest received		6,748	1,393
Interest and other finance costs paid		(83)	(28)
Income taxes paid		(132,208)	(14,763)
Net cash provided by operating activities	30	738,454	207,139
Cash flows from investing activities			
Payments for property, plant and equipment	14	(61,320)	(12,871)
Payments for intangible assets		(26,346)	(35,320)
Proceeds from disposal of property, plant and equipment		19,091	-
Net cash used in investing activities		(68,575)	(48,191)
Cash flows from financing activities			
Proceeds from borrowings		27,500	-
Repayment of lease liabilities	19	(66,842)	(80,438)
Dividends paid	25	(24,936)	(9,974)
Repayment of borrowings		(23,738)	(14,403)
Net cash used in financing activities		(88,016)	(104,815)
Net increase in cash and cash equivalents		581,863	54,133
Cash and cash equivalents at the beginning of the financial year		519,058	464,925
Cash and cash equivalents at the end of the financial year	12	1,100,921	519,058

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

Notes to the Financial Statements

Note 1. Reporting entity

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

Registered office	**Principal place of business**
1/19 Binda Place, Bindoon WA 6502	1/19 Binda Place, Bindoon WA 6502 6/38 Main Street, Ellenbrook WA 6069

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 basis and are presented in Australian dollars, which is the company's functional and presentation currency.

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. Correction of error

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

Note 6. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in July 2027.

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

Note 6. Economic dependency (continued)

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

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

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

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

Note 7. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,915,618	1,127,581
Fee income	108,928	107,508
Commission income	88,845	89,494
	2,113,391	1,324,583

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under *AASB 15 Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 8. Other revenue

	2023 $	2022 $
Net gain on disposal of property, plant and equipment	18,043	-
Other income	844	-
Market development fund	33,958	52,500
Department of transport	34,091	33,254
	86,936	85,754

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	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Department of Transport	On provision of services on behalf of the department. Revenue is invoiced monthly in arrears by way of RCTI (recipient created tax invoice) and paid before the end of the following month.
Gain on sale of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.

All revenue is stated net of the amount of GST.

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

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

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

Note 9. Gain on remeasurement of right-of-use assets

	2023 $	2022 $
Gain on remeasurement of right-of-use assets	26,040	-

As at 30 June 2023 the company is no longer operating from the Bullsbrook Branch. The company no longer receives any economic benefit from the right-of-use asset, and as such is has been remeasured to $0. As a result of the remeasurement an accounting gain was recognised.

Note 10. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	769,582	764,118
Non-cash benefits	16,426	14,403
Superannuation contributions	81,197	75,643
Expenses related to long service leave	11,568	(21,205)
Other expenses	50,017	55,570
	928,790	888,529

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	2,728	392
Plant and equipment	5,434	4,025
Motor vehicles	18,588	18,085
	26,750	22,502
Depreciation of right-of-use assets		
Leased land and buildings	41,816	37,531
Amortisation of intangible assets		
Franchise fee	26,346	22,156
	94,912	82,189

Finance costs

	2023 $	2022 $
Lease interest expense	15,348	15,007
Unwinding of make-good provision	2,959	3,820
Other	83	783
	18,390	19,610

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	15,118	20,304

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

Note 10. Expenses (continued)

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments	37,693	15,295
Contribution to the Community Enterprise Foundation™	90,909	-
	128,602	15,295

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 11. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	184,090	24,583
Movement in deferred tax	13,067	5,817
Aggregate income tax expense	197,157	30,400
Prima facie income tax reconciliation		
Profit before income tax expense	786,439	119,123
Tax at the statutory tax rate of 25%	196,610	29,781
Tax effect of:		
Non-deductible expenses	547	619
Income tax expense	197,157	30,400

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(22,759)	(14,379)
Employee benefits	27,443	22,623
Accrued expenses	1,175	-
Provision for lease make good	14,050	20,671
Income accruals	(1,451)	939
Lease liabilities	68,815	77,132
Right-of-use assets	(52,275)	(58,172)
Prepayments	(1,397)	(2,146)
Deferred tax asset	33,601	46,668

Note 11. Income tax (continued)

	2023 $	2022 $
Provision for income tax	64,090	12,208

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

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

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

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

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

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

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

Note 12. Cash and cash equivalents

	2023 $	2022 $
Cash on hand	309	309
Cash at bank and on hand	839,112	507,249
Term deposits	261,500	11,500
	1,100,921	519,058

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

Note 13. Trade and other receivables

	2023 $	2022 $
Trade receivables	163,324	129,968
Other receivables	5,805	-
Prepayments	5,586	8,585
	11,391	8,585
	174,715	138,553

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 14. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	258,548	241,660
Less: Accumulated depreciation	(242,953)	(240,225)
	15,595	1,435
Plant and equipment - at cost	329,028	329,028
Less: Accumulated depreciation	(316,367)	(310,933)
	12,661	18,095
Motor vehicles - at cost	85,593	72,343
Less: Accumulated depreciation	(22,813)	(34,359)
	62,780	37,984
	91,036	57,514

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	1,827	9,249	56,069	67,145
Additions	-	12,871	-	12,871
Depreciation	(392)	(4,025)	(18,085)	(22,502)
Balance at 30 June 2022	1,435	18,095	37,984	57,514
Additions	16,888	-	44,432	61,320
Disposals	-	-	(1,048)	(1,048)
Depreciation	(2,728)	(5,434)	(18,588)	(26,750)
Balance at 30 June 2023	15,595	12,661	62,780	91,036

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.

Note 14. Property, plant and equipment (continued)

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:

Plant and equipment	4 to 5 years
Leasehold improvements	5 years
Motor vehicle	4 years

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

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

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

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 15. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	733,904	824,268
Less: Accumulated depreciation	(524,805)	(591,580)
	209,099	232,688

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	203,650
Remeasurement adjustments	66,569
Depreciation expense	(37,531)
Balance at 30 June 2022	232,688
Remeasurement adjustments	18,227
Depreciation expense	(41,816)
Balance at 30 June 2023	209,099

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.

Note 15. Right-of-use assets (continued)

Refer to note 19 for more information on lease arrangements.

Note 16. Intangible assets

	2023 $	2022 $
Franchise fee	421,848	421,848
Less: Accumulated amortisation	(316,466)	(290,120)
	105,382	131,728

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

	Franchise fee $
Balance at 1 July 2021	37,062
Additions	131,728
Disposals	(14,906)
Amortisation expense	(22,156)
Balance at 30 June 2022	131,728
Amortisation expense	(26,346)
Balance at 30 June 2023	105,382

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2027

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

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

Note 17. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	89,951	2,353
Other payables and accruals	93,317	113,927
	183,268	116,280
Non-current liabilities		
Other payables and accruals	57,961	115,921

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

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

Note 18. Borrowings

	2023 $	2022 $
Current liabilities		
Chattel mortgage	12,952	21,803
Unexpired interest	(1,867)	(1,006)
	11,085	20,797
Non-current liabilities		
Chattel mortgage	28,442	12,712
Unexpired interest	(2,690)	(434)
	25,752	12,278

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

Note 19. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	62,238	64,221
Unexpired interest	(13,158)	(14,726)
	49,080	49,495
Non-current liabilities		
Land and buildings lease liabilities	252,041	295,780
Unexpired interest	(25,860)	(36,747)
	226,181	259,033

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	308,528	306,838
Remeasurement adjustments	18,227	67,121
Lease interest expense	15,348	15,007
Lease payments - total cash outflow	(66,842)	(80,438)
	275,261	308,528

Maturity analysis

	2023 $	2022 $
Not later than 12 months	62,238	64,221
Between 12 months and 5 years	235,709	234,168
Greater than 5 years	16,332	61,612
	314,279	360,001

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 rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

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

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

Note 19. Lease liabilities (continued)

Where the company is a lessee for the premises to conduct its business, extension options are included in the lease term except when the company is reasonably certain not to exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the 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	Lese term end date used in calculations
Bindoon Branch	5.39%	5 years	Nil	N/A	30 June 2027
Ellenbrook Branch	5.39%	5 years	1 x 5 years	Yes	31 October 2028

Note 20. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	63,452	55,739
Long service leave	21,118	2,132
	84,570	57,871
Non-current liabilities		
Long service leave	25,158	32,576

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

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

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

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

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

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

Note 20. Employee benefits (continued)

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

Note 21. Lease make good provision

	2023 $	2022 $
Current		
Lease make good	-	58,376
Non-current		
Lease make good	56,198	24,309

Lease make good
In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision 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 leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provisions
Bindoon	July 2027	$27,500
Ellenbrook	October 2028	$44,000

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 22. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	498,709	498,709	498,709	498,709
Less: Equity raising costs	-	-	(3,500)	(3,500)
	498,709	498,709	495,209	495,209

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.

Note 22. Issued capital (continued)

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- 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"). As at the date of this report, the company had 300 shareholders (2022: 306 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 23. Retained earnings/(accumulated losses)

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(128,144)	(206,893)
Profit after income tax expense for the year	589,282	88,723
Dividends paid (note 25)	(24,936)	(9,974)
Retained earnings/(accumulated losses) at the end of the financial year	436,202	(128,144)

Note 24. 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 25. Dividends

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

	2023 $	2022 $
Fully franked dividend of 5 cents per share (2022: 2 cents)	24,936	9,974

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	46,304	34,867
Franking credits (debits) arising from income taxes paid (refunded)	102,208	14,762
Franking debits from the payment of franked distributions	(8,312)	(3,325)
	140,200	46,304
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	140,200	46,304
Franking credits (debits) that will arise from payment (refund) of income tax	94,090	9,708
Franking credits available for future reporting periods	234,290	56,012

Note 25. Dividends (continued)

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

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

Note 26. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	163,324	129,968
Cash and cash equivalents	1,100,921	519,058
	1,264,245	649,026
Financial liabilities		
Trade and other payables	241,229	232,201
Lease liabilities	275,261	308,528
	516,490	540,729

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

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

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

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

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 subject to movements in market interest rates. The company held cash and cash equivalents of $1,100,921 at 30 June 2023 (2022: $519,058).

Note 26. Financial instruments (continued)

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

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	183,268	57,961	-	241,229
Lease liabilities	62,238	235,709	16,332	314,279
Total non-derivatives	245,506	293,670	16,332	555,508

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	116,280	115,921	-	232,201
Lease liabilities	64,221	234,168	61,612	360,001
Total non-derivatives	180,501	350,089	61,612	592,202

Note 27. Key management personnel disclosures

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

Jeffrey Robert Hollands
Nicolette Joy Grundlingh (Ward)
John Trevor Williams
Graham Dore
Adrian Clarke
Craig Robert Seddon
Jonathan James Dwyer
Kylie Michelle Hughes

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 28. Related party transactions

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

Note 29. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	7,660	5,200
Other services		
Taxation advice and tax compliance services	1,433	1,325
General advisory services	3,640	4,410
Share registry services	5,006	4,231
	10,079	9,966
	17,739	15,166

Note 30. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	589,282	88,723
Adjustments for:		
Depreciation and amortisation	94,912	82,189
Net gain on disposal of non-current assets	(18,043)	-
Lease liabilities interest	15,348	15,762
Change in operating assets and liabilities:		
Increase in trade and other receivables	(36,162)	(14,111)
Decrease in deferred tax assets	13,067	5,816
Increase in trade and other payables	35,374	28,158
Increase in provision for income tax	51,882	9,821
Increase/(decrease) in employee benefits	19,281	(16,193)
Increase/(decrease) in other provisions	(26,487)	6,974
Net cash provided by operating activities	738,454	207,139

Note 31. Earnings per share

	2023 $	2022 $
Profit after income tax	589,282	88,723
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	498,709	498,709
Weighted average number of ordinary shares used in calculating diluted earnings per share	498,709	498,709

Note 31. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	118.16	17.79
Diluted earnings per share	118.16	17.79

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

Note 32. Commitments

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

Note 33. Contingencies

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

Note 34. 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.

Director's Declaration

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

Jeffrey Robert Hollands
Chair

22 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Chittering Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Chittering Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Chittering Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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Bendigo Bank