Annual Report 2023

Clifroy Limited

Community Bank
Clifton Hill-North Fitzroy

ABN 31 114 604 358

Contents

Chairman's report

For year ending 30 June 2023

Dear Shareholders,

A strong year, but challenges ahead

The rapid increase in interest rates is a two-edged sword for a Community Bank and its customers.

Higher interest rates have put many borrowers under financial pressure, but they have also been a welcome boost to saver's incomes, especially customers who are self-funded retirees. As such, the interest rate mechanism applied by the Reserve Bank of Australia to bring down inflation is a somewhat inequitable tool.

For banks, higher interest rates generally mean higher earnings and profit margins in the short term, but increased competition medium-term as borrowers under pressure seek out the best possible mortgage rates.

At the same time, higher inflation means the cost of maintaining physical bank branches continues to rise as customers increasingly do their banking on-line.

Nevertheless, Clifroy Limited has had a very strong year, with margin income more than doubled, enabling a very significant increase in our community contribution while maintaining good profitability and adhering to our dividend policy target of 5 cents per $1 share.

We have further grown the value of our bank book, by 8% to $269 million.

We currently have $1 million to allocate to major projects that will have a substantial and lasting community benefit, and your Board is undertaking a thorough process of research and review to select and fund appropriate projects.

Staff shortages have continued to challenge us, but with new Branch Manager David Fielder now settled in, and some recent staff hires, we are looking to a period of consolidation and growth.

Our strategic focus remains:

1) Leveraging our community partnerships to increase the branch customer base and revenue. We will be asking our partners to be more active in referring members supporters and stakeholders to their Community Bank. Put simply, increased business = increased funds available to support our community and make a greater impact.
2) Better communicating our story – that of a social enterprise that provides substantial funding to local community organisations (almost $4 million to date) – to retain current customers and attract new customers, motivated by that story (including shareholders who aren't currently customers).
3) Looking to alliances with adjacent Community Banks. We will be exploring ways to strengthen our position both financially and in terms of management and staffing by sharing resources across Community Banks operating in adjacent areas.

Acknowledging our Board and staff

Your directors freely give their time to building the Community Bank Clifton Hill-North Fitzroy by enhancing relationships with our community partners.

I want to thank all of the Board: Ro Roberts, a very active Deputy Chair, Daisy Chiumburu, who chairs our Finance, Resources & Risk Committee, and Adrian Nelson, who continues as our ever-reliable Secretary. They are ably supported by Jenny Farrar, Peter Hille, Ben Hubbard and James Sinclair, all of whom are very active across our community and with key partner organisations. Also during the year we farewelled Director Amelia Collins after seven years, during which she played a major role in energising and directing our marketing activities.

I want to particularly acknowledge Adrian Nelson and Ben Hubbard, who will be retiring from the Board at the 2023 AGM. Adrian is a founding director of Clifroy, and has served dutifully and effectively as our Company Secretary. Ben has for many years chaired our Community Engagement Committee, overseeing our community partnerships. Adrian and Ben have made most valuable contributions to our company and our community.

Thanks also to our Board Associates Jack Prentice, who wrangles the finances as Treasurer (supported by our accountant, Tony Dobson), Chris Shields, Sean Rooney, and new Board Associate Zhedi Wu. I also want to acknowledge Jack's contribution as Treasurer, as he steps down from that role.

Our staff have continued to provide good service to our customers and community, I welcome our recent arrivals, and look forward to another good year ahead.

Finally, thank you, our shareholders, for your continuing support of this important social enterprise, that really is making a difference for so many members of our community.

Please help us grow our business by referring your friends and neighbours to David Fielder, our Branch Manager: David.Fielder@bendigoadelaide.com.au or 03 9482 9040.

Graeme Russell
Chair

Manager's report

For year ending 30 June 2023

Dear Shareholders,

Firstly, I would like to thank you all for the warm welcome to the Branch Manager's seat, having only joined Community Bank Clifton Hill-North Fitzroy in November of last year. For me this has been a huge change in the way that I perceive banking, having come from one of the majors.

And what a year it has been. The finance landscape has changed dramatically with successive interest rate hikes contributing to cost of living concerns. Despite the challenging conditions I am pleased to report that we have grown our total loan and deposit book by 8% driven mainly by strong growth in deposits. Home loans are incredibly competitive, with the majors offering cash backs and discounts.

My branch team, with the backing of Bendigo Bank, are focussed on giving our customers the best service experience possible, while still offering competitive rates on all Bendigo Bank our products.

During my tenure, staff stability at our branch has been challenging which I think is indicative of the current labour market. However I am pleased to report that we have now built a consistent team of banking professionals to serve our community.

Although we were sad to see Meagan Baker leave our branch after several years of service, we were happy to congratulate her on her promotion to Customer Relationship Manager at Community Bank Canterbury. Another significant loss this year was Sofie Stamoulos, who again left to take up a promotion, this time at Bendigo Bank's flagship Collins Street branch. Your Board and I greatly appreciate the contribution Meagan and Sofie have made to Community Bank Clifton Hill-North Fitzroy over several difficult years, and congratulate them both on their well-deserved success.

Joining our team in March was Jemma Coote who has taken over the vacant Customer Service Officer position. Jemma is a Bendigo native and eager to start her career with the Community Bank network at our branch.

Another new arrival is Elie Yacoub, who has been with the Bendigo Bank for the last fifteen years at our recently closed Kew East Branch. Elie brings his considerable experience to our branch and the highest level of customer service.

To round out the staffing changes, Simon Chen is stepping into the Customer Relationship Manager role. Simon comes to us with over twenty years' worth of lending and retail banking experience in Victoria.

I would like to formally welcome Jemma, Elie and Simon to the team, and Filippo and I are really looking forward to working with them in the years to come.

Despite the growth in online banking and the acceleration of digital solutions due to the pandemic, we remain as the only physical bank branch in the Clifton Hill/North Fitzroy area. My team and I are committed to supporting our community, both in face-to-face banking convenience and guidance in using Bendigo Bank's digital platforms, and also directly through the sponsorships and grants we provide to many local organisations.

In closing, I would like to thank you, our shareholders, along with local businesses, our customers and your Board for your continued support and belief in the unique approach to banking that the Community Bank model represents.

David Fielder
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 though 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.

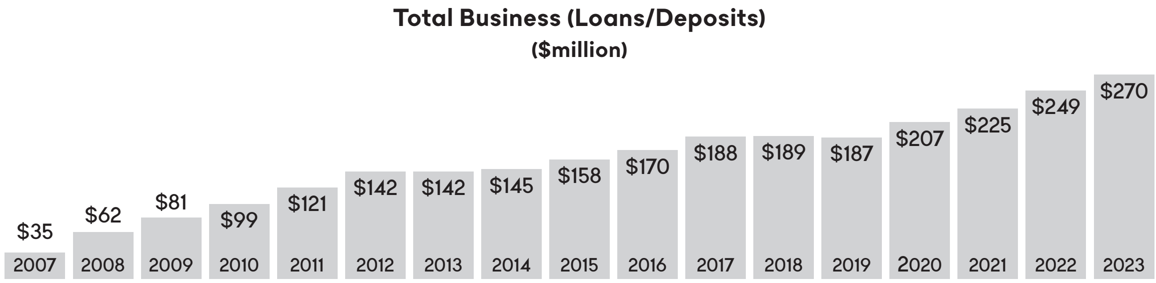
In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

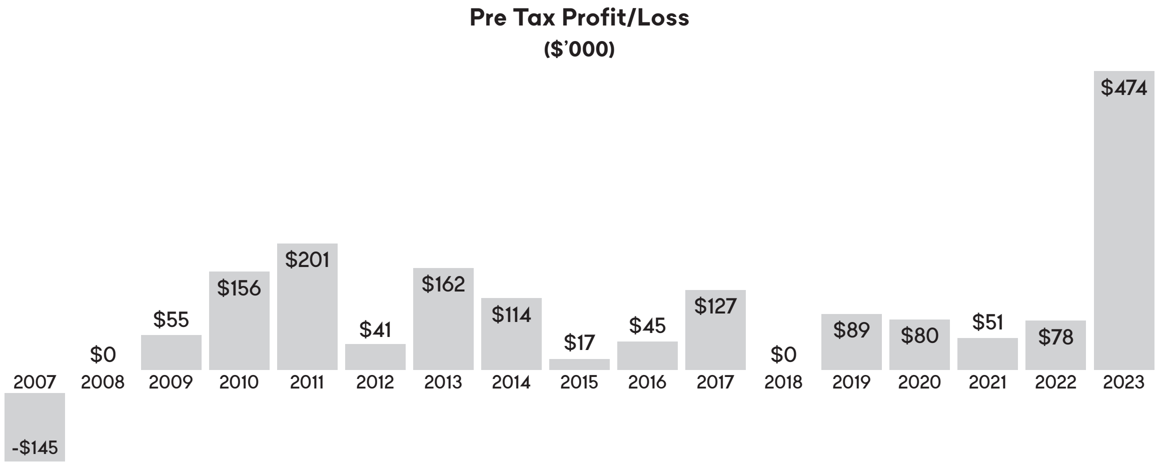
Warm regards

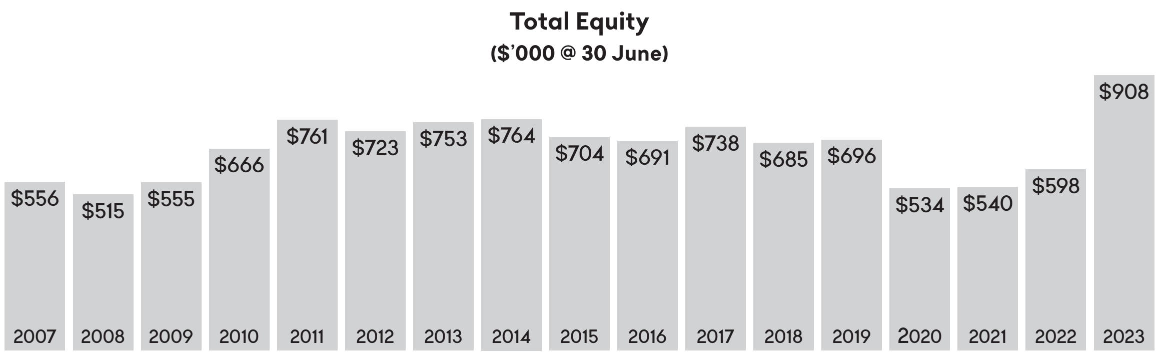
Sarah Franklyn
CBNC Chair

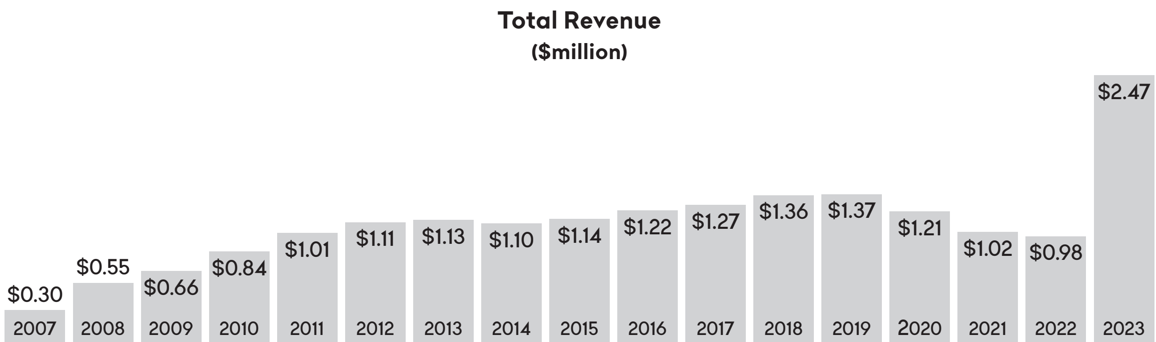
Performance summary

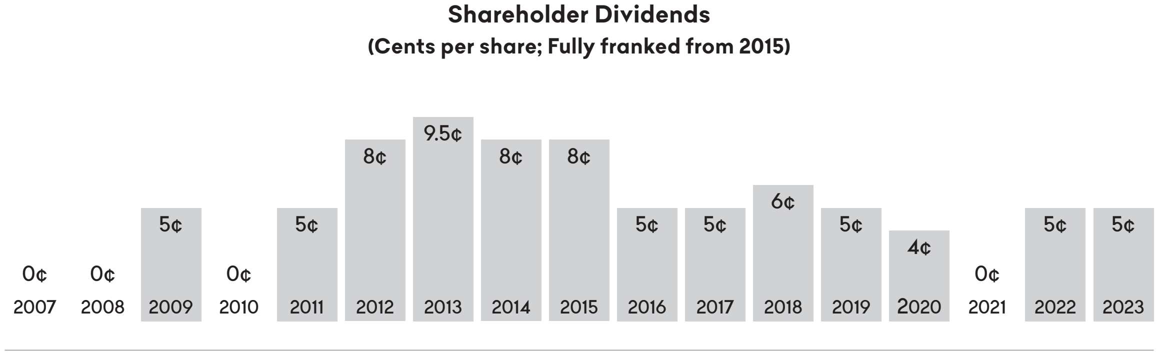
1 July 2006 to 30 June 2023

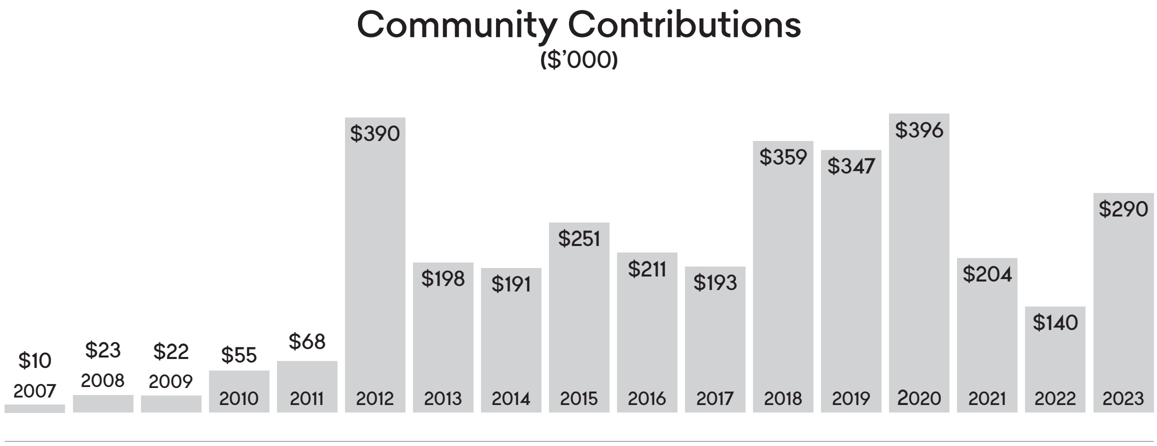


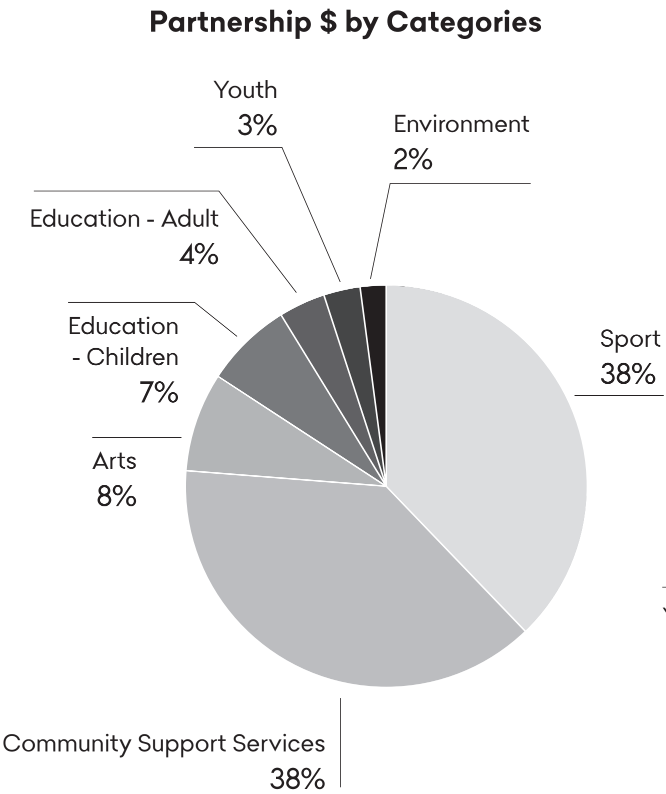


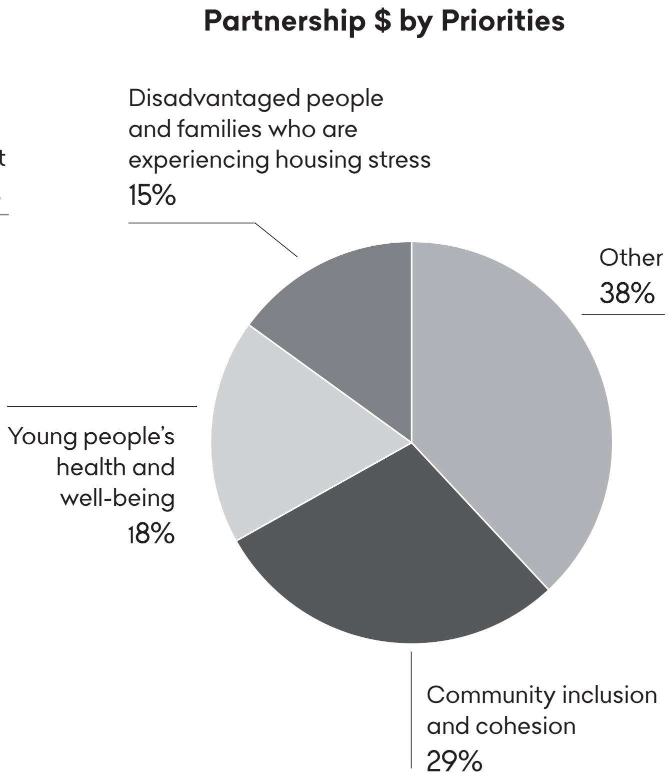





Shareholder Dividends
(Cents per share; Fully franked from 2015)
0¢ 2007
0¢ 2008
5¢ 2009
0¢ 2010
5¢ 2011
8¢ 2012
9.5¢ 2013
8¢ 2014
8¢ 2015
5¢ 2016
5¢ 2017
6¢ 2018
5¢ 2019
4¢ 2020
0¢ 2021
5¢ 2022
5¢ 2023


Community Contributions
($'000)
$10 2007
$23 2008
$22 2009
$55 2010
$68 2011
$390 2012
$198 2013
$191 2014
$251 2015
$211 2016
$193 2017
$359 2018
$347 2019
$396 2020
$204 2021
$140 2022
$290 2023


Partnership $ by Categories
Youth 3%
Environment 2%
Education - Adult 4%
Education - Children 7%
Arts 8%
Sport 38%
Community Support Services 38%


Partnership $ by Priorities
Disadvantaged people and families who are experiencing housing stress 15%
Other 38%
Young people's health and well-being 18%
Community inclusion and cohesion 29%

Community support funding

COMMUNITY
$289,359
2022-23
INVESTMENT

Sponsorships and Grants supporting local community organisations in 2022-23

Organisation	Contribution
Arts	
Alphington & Fairfield Civic Association	$5,000
High Street Bells Choir Inc.	$5,500 *
Mercy Hub	$2,000
Merri-bek City Band Inc	$5,000
Young Women's Music Incorporated	$5,000
Community Support Services	
Alphington Community Centre	$2,000
Belgium Avenue Neighbourhood House	$2,000
Carlton Neighbourhood Learning Centre	$2,000
City of Yarra balance for mural	$3,730
Collingwood Children's Farm	$5,770
Collingwood Neighbourhood House	$2,000
Cultivating Community	$12,000
EcoPawsitive	$5,000
Fitzroy Learning Network	$2,000 $10,000 *
Fitzroy Rotary	$1,000
Go Girls Foundation, Inc.	$5,000 *
Holden Street Neighbourhood House Inc	$2,000
Jika Jika Community Centre	$2,000 $5,000 *
North Carlton Railway Neighbourhood House	$9,500
Operation Newstart Victoria	$2,000
Ronald McDonald House Chairities - Fitzroy North	$5,500
SPAN Community House	$2,000
St Mary's House House of Welcome	$20,000 $10,000 *
Education - Adult	
Two Square Pegs	$7,500
U3A Darebin	$2,000
Women in North Richmond Inc.	$2,700
Other	
Northcote Nursery	$181

Organisation	Contribution
Education - Children	
Alphington Primary School	$1,000
Books in Homes Australia	$8,788
East Brunswick Kindergarten and Childcare Centre	$300
Inner Northern Local Learning & Employment Network	$5,000
St Johns Primary School (Clifton Hill)	$5,000
Enviornment	
Condell Growers	$1,000
Dennis Stationeers	$1,000
Fairfield Community Garden	$2,500
Yarra Climate Action Now	$500
Sport	
Clifton Hill Cricket Club	$12,400
Crusaders Cricket Australia	$4,700
Edinburgh Cricket Club	$10,000
FC Clifton Hill	$6,250
Fitzroy Baseball Club	$5,000
Fitzroy Football Club	$10,500
Fitzroy Junior Football Club	$15,000
Fitzroy Lions Soccer Club	$17,500
Northcote Cricket Club	$2,800
Northcote Junior Football Club	$3,840
Parkville District Cricket Club	$5,000
Richmond Skippers Netball Club	$1,000
Thornbury Turf Strokers Cricket Club	$2,400
UHS/FU Amateur Football Club	$10,000
Youlden Parkville Cricket Club	$3,000
Youth	
1st Alphington Scout Group	$3,500
Fitzroy Scout Group	$5,000
GR8M8S Foundation	$1,000
Totals	**$289,359**

* Community Enterprise Foundation™ Contributions

Directors' report

For the financial year ended 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:	Graeme Russell
Title:	Non-executive director
Experience and expertise:	Graeme Russell was a Chief Executive Officer of industry funds Media Super and First Super, and a trustee director of JUST Super, TISS and Media Super. He currently chairs organisation IBSA (Innovation & Business Skills Australia), and is Treasurer of the Victorian Advocacy League for Individuals with Disability (VALID). Graeme also served as Chief of Staff to a Victorian Minister, and held senior commercial management roles at Melbourne and Monash Universities, the Trade Union Training Authority, STA Travel and The Melbourne Times. Graeme was also a strategy consultant and Chartered Accountant in practice. Previous community service includes Member of the Independent Panel on Best Practice Union Governance, Trustee of the Sustainable Melbourne Fund, Foundation Chairperson of the Inner Metropolitan Regional Association of Councils and Councillor and Mayor of the City of Collingwood. Graeme is a Fellow of the Australian Institute of Company Directors, a Fellow of the Australian Institute of Superannuation Trustees and a Fellow of Chartered Accountants, Australia and New Zealand. He holds a Bachelor of Business and a Graduate Diploma in Applied Finance.
Special responsibilities:	Chairperson

Name:	Rosalyn Mary Roberts
Title:	Non-executive director
Experience and expertise:	Rosalyn's qualification's include BA(Hons), MSW, DSW (Director of Social Work, 2015). Rosalyn is a Lecturer, Policy/Researcher, Local Government Human Services Coordinator/Planner, Consultant and Project Manager. Having employment skills in research, advocacy, project management, consultancy, human services planning, community development, operational management, university lecturing and organisational coaching. Rosalyn has local involvement as a present member of Collingwood Neighbourhood House Community Choir and member of Cooper Electorate Grandmothers for Refugees. Past member and project consultant of Balit Narrum, Northern Aboriginal Disability Network.
Special responsibilities:	Deputy Chair, Member of Community Engagement Committee

Name:	Jenny Maree Farrar
Title:	Non-executive Director
Experience and expertise:	I have a great range of skills and experience in community engagement, campaigning, education and strategic planning. As a former Councillor and Mayor of the City of Yarra I was involved and developed solid relationships within our community, many not for profits, small and larger businesses. One of my legacies was the establishment of Business Advisory Group(s) for the purpose of engaging with SME's to large corporates. Skills I bring include: Marketing, communications and engagement, organising, planning, OHS and sound knowledge in industrial relations. Previously a member of the Council of Australasian Tribunals in my roles as a Panel member for the Victorian Government, Graduate of the Australian Institute of Company Directors (GAICD) and work within the financial services industry. BA - Mass Communications - Monash University. Occupation: Stakeholder Relationship Manager & Education Specialist - United Super Pty Ltd.
Special responsibilities:	Member of Finance, Governance and Resources Committee

Name:	Peter Raymond Hille
Title:	Non-executive director
Experience and expertise:	As a resident of Clifton Hill for 27 years I bring local knowledge and substantive networks. As a leader and Board Member at a range of local community organisations, I bring an understanding of corporate governance as well as an awareness of community needs and how such needs might be addressed. I am currently Chairman of the Reds Foundation, a Director of the Rotary Club of Fitzroy, Bowls Development Manager of Fitzroy Victoria Bowls Club, Chair of Youth Enterprise Hub (Inner North Youth Employment Network). My professional background includes educational leadership, public speaking, a managerial role in financial services and HR Consultancy – each of these informs and supports my role as a Director of Clifroy Limited.
Special responsibilities:	Deputy Chair. Member Business Development & Marketing and Finance, Governance & Resources Committee, key contact with Inner Northern Local Learning & Employment Network

Name:	Adrian Howard Nelson
Title:	Non-executive director
Experience and expertise:	My 15 years with the Dulux Group and almost 20 with Tattersall's were all about sales, marketing and in the latter years strategic business development – both locally and overseas. I was exposed to the workings of Boards as a Director of two of Tattersall's overseas subsidiaries and really enjoyed the balance between a Director's governance role and the business strategy and development role. I successfully completed the AICD Graduate Diploma course in 2004, and retain a keen interest in the continually changing environment in which Directors of public companies are required to operate.
Special responsibilities:	Company Secretary; Member of Finance, Governance & Risk Committee

Name:	Benjamin David Hubbard
Title:	Non-executive director
Experience and expertise:	Ben Hubbard is a self employed consultant, specialising in public affairs, public policy, public administration, governance and risk. Ben has worked in some of the most challenging and complex policy and political environments of recent times. As chief of Staff to the Prime Minister, CEO of the Victorian Bushfire Reconstruction and Recovery Authority, Chief of Staff to the Deputy PM and Senior Political Adviser to the Victorian Premier. He has been Chief Strategy Officer at Maurice Blackburn Lawyers, where he led the firm's work across public policy, advocacy, strategy, risk and innovation. He holds graduate (BCom) and postgraduate qualifications (MPubPol) from the University of Melbourne and has completed the AICD Company Directors Course and Executive Education Strategy at Melbourne Business School. Ben is a Victorian Councillor for the AICD and a Fellow (FAICD), the National President and Chair of YMCA Australia, and is a distinguished Visiting Scholar and Senior Fellow of the Melbourne School of Government at the University of Melbourne.
Special responsibilities:	Chair of Community Engagement Committee

Name:	Daisy Chiumburu
Title:	Non-executive director
Experience and expertise:	Daisy is a product manager in the financial services. She holds a Masters of Business Administration, Bachelor of Commerce (Finance, Marketing and Financial Planning. Employment history and skills include superannuation, product development, product management, strategic and operational planning and retention.
Special responsibilities:	Chair of Finance, Governance & Risk Committee

Name:	James Joshua Sinclair
Title:	Non-executive director
Experience and expertise:	James is the Head of Growth and Partnerships at Iress. He holds a Bachelor of Business Administration, Bachelor of Human Resources and a Diploma of Financial Planning. James is a Mentor at Vocational Mentoring Exchange and participates in Fundraisers including Movember and Dry July.
Special responsibilities:	Member of Community Engagement Committee

Name:	Amelia Jane Collins
Title:	Non-executive director *(resigned 30 November 2022)*
Experience and expertise:	Amelia has over 20 years of brand and marketing executive and commercial leadership experience within the Resources, Education and Recruitment Sectors. Living locally in Alphington with her family, Amelia is passionate about contributing to a sustainable, flourishing community built on respect, diversity and prosperity.
Special responsibilities:	Member of Finance, Governance & Risk Committee

Company secretary
The Company Secretary is Adrian Howard Nelson. Adrian was appointed to the position of Company secretary on 3 July 2013.

Principal activity
The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The profit for the company after providing for income tax amounted to $353,957 (30 June 2022: $57,839).

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: nil cents)	43,351

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 meetings of the companys Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board		Finance, Governance & Resources Committee	
	Eligible	Attended	Eligible	Attended
Graeme Russell	11	11	5	5
Rosalyn Mary Roberts	11	10	-	-
Jenny Maree Farrar	11	9	9	3
Peter Raymond Hille	11	7	-	-
Adrian Howard Nelson	11	9	9	9
Benjamin David Hubbard	11	8	-	-
Daisy Chiumburu	11	9	9	9
James Joshua Sinclair	11	8	-	-
Amelia Jane Collins	4	3	3	2

	Community Engagement		Sponsorship Assessment	
	Eligible	Attended	Eligible	Attended
Graeme Russell	-	-	1	1
Rosalyn Mary Roberts	5	4	2	2
Jenny Maree Farrar	-	-	1	1
Benjamin David Hubbard	5	5	2	2
James Joshua Sinclair	5	4	2	1

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

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

	Balance at the start of the year	Changes	Balance at the end of the year
Graeme Russell	1,000	-	1,000
Rosalyn Mary Roberts	-	-	-
Jenny Maree Farrar	7,001	-	7,001
Peter Raymond Hille	2,000	-	2,000
Adrian Howard Nelson	15,002	-	15,002
Benjamin David Hubbard	5,000	-	5,000
Daisy Chiumburu	-	-	-
James Joshua Sinclair	-	-	-
Amelia Jane Collins	3,501	-	3,501

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

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

- all non-audit services have been reviewed by the Finance, Governance and Resources Committee 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

Graeme Russell
Chair

15 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 Clifroy Limited

As lead auditor for the audit of Clifroy 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: 15 August 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Clifroy Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	2,454,789	977,921
Finance revenue		12,802	2,947
Total revenue		2,467,591	980,868
Employee benefits expense	7	(479,599)	(512,504)
Advertising and marketing costs		(4,654)	(4,956)
Occupancy and associated costs		(50,666)	(41,306)
System costs		(24,277)	(28,391)
Depreciation and amortisation expense	7	(119,485)	(112,658)
Finance costs	7	(16,398)	(20,202)
General administration expenses		(82,894)	(83,256)
Total expenses before community contributions		(777,973)	(803,273)
Profit before community contributions and income tax expense		1,689,618	177,595
Charitable donations, sponsorships and grants expense	7	(1,215,685)	(99,898)
Profit before income tax expense		473,933	77,697
Income tax expense	8	(119,976)	(19,858)
Profit after income tax expense for the year	19	353,957	57,839
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		353,957	57,839
		Cents	**Cents**
Basic earnings per share	27	40.82	6.67
Diluted earnings per share	27	40.82	6.67

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

Clifroy Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	1,815,669	587,404
Trade and other receivables	10	265,079	120,631
Total current assets		2,080,748	708,035
Non-current assets			
Property, plant and equipment	11	93,264	142,584
Right-of-use assets	12	159,951	193,245
Intangible assets	13	33,736	46,644
Deferred tax assets	8	35,858	35,333
Total non-current assets		322,809	417,806
Total assets		2,403,557	1,125,841
Liabilities			
Current liabilities			
Trade and other payables	14	1,054,040	94,825
Lease liabilities	15	104,657	92,462
Current tax liabilities	8	102,892	13,823
Employee benefits	16	19,922	15,545
Total current liabilities		1,281,511	216,655
Non-current liabilities			
Trade and other payables	14	14,683	29,365
Lease liabilities	15	176,285	260,069
Employee benefits	16	220	531
Lease make good provisions	17	22,096	21,065
Total non-current liabilities		213,284	311,030
Total liabilities		1,494,795	527,685
Net assets		908,762	598,156
Equity			
Issued capital	18	753,928	753,928
Retained earnings/(accumulated losses)	19	154,834	(155,772)
Total equity		908,762	598,156

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

Clifroy Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		753,928	(213,611)	540,317
Profit after income tax expense		-	57,839	57,839
Balance at 30 June 2022		753,928	(155,772)	598,156
Balance at 1 July 2022		753,928	(155,772)	598,156
Profit after income tax expense		-	353,957	353,957
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(43,351)	(43,351)
Balance at 30 June 2023		753,928	154,834	908,762

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

Clifroy Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,561,501	1,029,533
Payments to suppliers and employees (inclusive of GST)		(1,146,988)	(847,971)
Interest received		12,802	2,947
Interest and other finance costs paid		(40)	(29)
Income taxes paid		(31,432)	(1,292)
Net cash provided by operating activities	26	1,395,843	183,188
Cash flows from investing activities			
Payments for property, plant and equipment		-	(27,284)
Payments for intangible assets		(13,348)	(13,348)
Net cash used in investing activities		(13,348)	(40,632)
Cash flows from financing activities			
Dividends paid	21	(43,351)	-
Repayment of lease liabilities	15	(110,879)	(107,337)
Net cash used in financing activities		(154,230)	(107,337)
Net increase in cash and cash equivalents		1,228,265	35,219
Cash and cash equivalents at the beginning of the financial year		587,404	552,185
Cash and cash equivalents at the end of the financial year	9	1,815,669	587,404

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

Notes to the financial statements

Clifroy Limited
Notes to the financial statements
30 June 2023

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 101-103 Queens Parade, Clifton Hill VIC 3068.

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 August 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. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in February 2026.

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

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.

Note 5. Economic dependency (continued)

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	2,333,019	865,944
Fee income	60,792	61,074
Commission income	60,978	50,903
	2,454,789	977,921

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Margin
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
Commission revenue 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. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	391,965	434,718
Non-cash benefits	1,459	5,936
Superannuation contributions	39,565	42,086
Expenses related to long service leave	2,931	2,427
Other expenses	43,679	27,337
	479,599	512,504

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	45,073	40,449
Plant and equipment	3,807	4,997
Computers and software	440	376
	49,320	45,822
Depreciation of right-of-use assets		
Leased land and buildings	57,257	53,928
Amortisation of intangible assets		
Franchise fee	2,151	2,151
Franchise renewal fee	10,757	10,757
	12,908	12,908
	119,485	112,658

Finance costs

	2023 $	2022 $
Lease interest expense	15,327	19,190
Unwinding of make-good provision	1,032	983
Other	39	29
	16,398	20,202

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	9,555	13,036

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 7. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	265,685	63,534
Contribution to the Community Enterprise Foundation™	950,000	36,364
	1,215,685	99,898

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.

	2023 $	2022 $
Disaggregation of CEF funds		
Opening balance	38,182	-
Contributions paid in	950,000	36,364
Management fees incurred	47,500	1,818
Balance available for distribution	1,035,682	38,182

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	120,500	17,264
Movement in deferred tax	(524)	2,594
Aggregate income tax expense	119,976	19,858
Prima facie income tax reconciliation		
Profit before income tax expense	473,933	77,697
Tax at the statutory tax rate of 25%	118,483	19,424
Tax effect of:		
Non-deductible expenses	1,493	434
Income tax expense	119,976	19,858

Note 8. Income tax (continued)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(3,568)	(15,054)
Employee benefits	5,036	4,019
Lease liabilities	70,236	88,133
Provision for lease make good	5,524	5,266
Accrued expenses	783	1,280
Income accruals	(2,165)	-
Right-of-use assets	(39,988)	(48,311)
Deferred tax asset	35,858	35,333

	2023 $	2022 $
Provision for income tax	102,892	13,823

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 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	1,212,644	214,457
Term deposits	603,025	372,947
	1,815,669	587,404

Note 9. Cash and cash equivalents (continued)

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 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	242,461	104,246
Accrued income	8,658	-
Prepayments	13,960	16,385
	22,618	16,385
	265,079	120,631

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 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	333,532	333,532
Less: Accumulated depreciation	(253,433)	(208,360)
	80,099	125,172
Plant and equipment - at cost	101,167	101,167
Less: Accumulated depreciation	(88,647)	(84,840)
	12,520	16,327
Computer equipment - at cost	16,763	16,763
Less: Accumulated depreciation	(16,118)	(15,678)
	645	1,085
	93,264	142,584

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 $	Computer Software $	Total $
Balance at 1 July 2021	142,491	18,331	300	161,122
Additions	23,130	2,993	1,161	27,284
Depreciation	(40,449)	(4,997)	(376)	(45,822)
Balance at 30 June 2022	125,172	16,327	1,085	142,584
Depreciation	(45,073)	(3,807)	(440)	(49,320)
Balance at 30 June 2023	80,099	12,520	645	93,264

Note 11. Property, plant and equipment (continued)

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

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	4 to 40 years
Computers and software	2 to 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 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	1,131,809	1,107,846
Less: Accumulated depreciation	(971,858)	(914,601)
	159,951	193,245

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	247,173
Depreciation expense	(53,928)
Balance at 30 June 2022	193,245
Remeasurement adjustments	23,963
Depreciation expense	(57,257)
Balance at 30 June 2023	159,951

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.

Note 12. Right-of-use assets (continued)

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 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 $	2022 $
Franchise fee	43,623	43,623
Less: Accumulated amortisation	(38,000)	(35,849)
	5,623	7,774
Franchise renewal fee	168,119	168,119
Less: Accumulated amortisation	(140,006)	(129,249)
	28,113	38,870
	33,736	46,644

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	9,925	49,627	59,552
Amortisation expense	(2,151)	(10,757)	(12,908)
Balance at 30 June 2022	7,774	38,870	46,644
Amortisation expense	(2,151)	(10,757)	(12,908)
Balance at 30 June 2023	5,623	28,113	33,736

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)	Febraury 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	Febraury 2026

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

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

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	1,021,372	66,354
Other payables and accruals	32,668	28,471
	1,054,040	94,825
Non-current liabilities		
Other payables and accruals	14,683	29,365

Trade payables
The balance has increased from the prior period due to a significant contribution to the Community Enterprises Foundation which was owing at 30 June 2023 and subsequently paid in early July.

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 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	115,836	107,336
Unexpired interest	(11,179)	(14,874)
	104,657	92,462
Non-current liabilities		
Land and buildings lease liabilities	183,408	277,284
Unexpired interest	(7,123)	(17,215)
	176,285	260,069

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	352,531	440,678
Remeasurement adjustments	23,963	-
Lease interest expense	15,327	19,190
Lease payments - total cash outflow	(110,879)	(107,337)
	280,942	352,531

Note 15. Lease liabilities (continued)

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Branch	4.79%	5 years	N/A	N/A	January 2026

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 not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	14,263	10,368
Long service leave	5,659	5,177
	19,922	15,545
Non-current liabilities		
Long service leave	220	531

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

Note 16. Employee benefits (continued)

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

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

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

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

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

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

Note 17. Lease make good provisions

	2023 **$**	**2022** **$**
Lease make good	22,096	21,065

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 Clifton Hill 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 January 2026 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 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	867,013	867,013	867,013	867,013
Less: Equity raising costs	-	-	(26,384)	(26,384)
Less: return of capital (2008)	-	-	(43,351)	(43,351)
Less: return of capital (2010)	-	-	(43,350)	(43,350)
	867,013	867,013	753,928	753,928

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- 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 276. As at the date of this report, the company had 285 shareholders (2022: 289 shareholders).

Note 18. Issued capital (continued)

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

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

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

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

Note 19. Retained earnings/(accumulated losses)

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(155,772)	(213,611)
Profit after income tax expense for the year	353,957	57,839
Dividends paid (note 21)	(43,351)	-
Retained earnings/(accumulated losses) at the end of the financial year	154,834	(155,772)

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 21. Dividends

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: nil cents)	43,351	-

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	6,965	5,673
Franking credits (debits) arising from income taxes paid (refunded)	28,176	1,292
Franking debits from the payment of franked distributions	(14,450)	-
	20,691	6,965
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	20,691	6,965
Franking credits (debits) that will arise from payment (refund) of income tax	107,294	14,970
Franking credits available for future reporting periods	127,985	21,935

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 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	251,119	104,246
Cash and cash equivalents	1,815,669	587,404
	2,066,788	691,650
Financial liabilities		
Trade and other payables	1,068,723	124,190
Lease liabilities	280,942	352,531
	1,349,665	476,721

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.

Note 22. Financial instruments (continued)

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $1,815,669 at 30 June 2023 (2022: $587,404).

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	1,054,040	14,683	-	1,068,723
Lease liabilities	115,836	183,408	-	299,244
Total non-derivatives	1,169,876	198,091	-	1,367,967

Note 22. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	94,825	29,365	-	124,190
Lease liabilities	107,336	277,284	-	384,620
Total non-derivatives	202,161	306,649	-	508,810

Note 23. Key management personnel disclosures

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

Graeme Russell
Rosalyn Mary Roberts
Jenny Maree Farrar
Peter Raymond Hille
Adrian Howard Nelson
Benjamin David Hubbard
Daisy Chiumburu
James Joshua Sinclair
Amelia Jane Collins

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

There are no executives within the company whose remuneration is required to be disclosed.

Note 24. Related party transactions

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

Note 25. Remuneration of auditors

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

	2023 $	**2022 $**
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,010	600
General advisory services	2,530	2,920
Share registry services	5,205	2,998
	8,745	6,518
	14,145	11,718

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	353,957	57,839
Adjustments for:		
Depreciation and amortisation	119,485	112,658
Lease liabilities interest	15,327	19,190
Change in operating assets and liabilities:		
Increase in trade and other receivables	(144,448)	(28,365)
Decrease in income tax refund due	-	1,002
Decrease/(increase) in deferred tax assets	(525)	2,594
Increase/(decrease) in trade and other payables	957,881	(6,772)
Increase in provision for income tax	89,069	14,970
Increase in employee benefits	4,066	9,088
Increase in other provisions	1,031	984
Net cash provided by operating activities	1,395,843	183,188

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	353,957	57,839
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	867,013	867,013
Weighted average number of ordinary shares used in calculating diluted earnings per share	867,013	867,013
	Cents	**Cents**
Basic earnings per share	40.82	6.67
Diluted earnings per share	40.82	6.67

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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

Clifroy Limited
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;

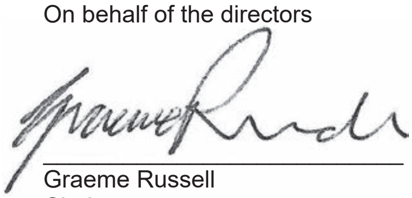
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- 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



Graeme Russell
Chair

15 August 2023

Independent audit report

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Clifroy Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Clifroy 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 Clifroy 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.

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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: 15 August 2023

Joshua Griffin
Lead Auditor

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Franchisee: Clifroy Limited
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Bendigo Bank