

Annual Report 2023

Cobden & Districts
Community Finance
Limited

Community Bank
Cobden & Districts and Camperdown

ABN 84 117 781 049



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Chairman's report

For year ending 30 June 2023

On behalf of the Board of Directors of Cobden & Districts Community Finance Limited, it is my pleasure to present the Annual Report for 2022 -23.

This year we have certainly had a series of exciting and positive outcomes as well as some ongoing concerns and changes.

On a positive note we reached our \$750,000 sponsorship donation and certainly celebrated in style with an excellent community event at the Cobden Miniature Railway complex. The event was attended by around 800 people who were able to enjoy a free day of fun and food. As a more permanent recognition of our Community Bank's presence and contribution a mural was painted on the bank wall in Cobden. We are all proud of the contribution we have made to the Corangamite Shire community groups and we are now close to reaching the \$1M goal.

Our most recent donation has been made to Cobden Health Services. Our Community Bank contributed \$150,000 to a new IT system which will be a great asset to both staff and patients. This has been our largest single contribution to date.

With the closure of another bank in Camperdown, this year we have managed to increase our customers significantly. With interest rates increasing our revenue has increased this year although lending has proved to be difficult.

Staffing has proved to be very difficult this year with Branch Manager, Robyn Ackland resigning in July. This left us without a Manager until Margaret McMaster accepted the role in November.

We also lost a number of staff including Kayla Lenehan, Alexandra Macaronis and Gemma Kelly. The Board thank all of these staff members for their contribution to the Bank and our community.

We welcomed new staff members Catriona McVilly, Jill Bone, Katelyn Loft, Ranjit Singh, Heather Gilbert (part time) and Sandra Buckingham. With such an influx of new staff during the year this placed a significant burden Margaret McMaster and Dianne van Heusen and I thank them for the commitment and dedication they have to our Community Bank and training the new staff.

Unfortunately we also lost Board members during the year, James Green, Greg Suter, Melissa Humphries and Lisa Dickinson. Both James and Greg had been members of the Board since very early days and as a result we lost a huge amount of knowledge and experience. On behalf of the Directors and every-one who has been connected with Cobden & Districts Community Finance Limited, I thank them for their commitment and involvement during their time on the Board.

Lisa's work commitments in the past 12 months gave her little time for the Board but her understanding of risk and compliance is greatly missed. Melissa was only with us for a short time and unfortunately due work and family commitments found it necessary to resign.

The Board welcomed new Director Chris Rodda and his considered contributions to the Board discussion are greatly appreciated. Jan Fleming, our long time Company Secretary, was also appointed to the Board as a Director. Jan's wealth of knowledge has been and continues to be invaluable.

I would like to thank the current Board Members Brad Collins, Bill Duncanson, Jan Fleming, Chris Spokes and Chris Rodda for their support during the past year and their ongoing dedication, commitment and contribution to the Community company. This dedicated team has a strong passion for community banking and promoting our point of difference of giving back to the community.

Both the staff and Board members voluntarily and willing give of their time to attend community events as well as committee meetings and this is greatly appreciated. Despite significant changes of personal during the past year Community Bank Cobden & Districts and Camperdown has a strong presence in the community and both staff and Directors are working together as a team.

Chairman's report (continued)

I would like to acknowledge Company Secretary Jan Fleming and Accountant Julie Finney for their time and commitment to the Community company.

Former Directors Gary Kimber and Milton Parlour continue to play a role as Ambassadors actively participating in committee meetings and events.

Again Regional Manager, Jason Chuck has been of great support, especially with staffing during some difficult times in the past year. Thank you to Jason.

Unfortunately the anticipated relationship with the Rural Bank did not come to fruition in the past year but we look forward to developing a better relationship with the restructure in this area by Bendigo Bank recently.

We were delighted to be able to maintain our commitment to our shareholders with an initial 3c dividend and a further 4c in June.

The Board engaged a social media company, Social Connections, this year to improve our presence on social media platforms. It is still early days but we are starting to see some positive results from this decision.

Despite a fairly tumultuous year with changes to both the Board and staff we have faced these challenges positively and with determination and are looking forward to a much brighter 2023-24. I am sure that we are all up to new challenges and we will strive to maintain our banking services, community investment and support of the Community Bank branches in the Cobden and Camperdown communities and beyond. This can only be done with the continuing and increased support of the community.



Patricia Robertson
Chairman

Manager's report

For year ending 30 June 2023

It is with real pleasure that I submit my first annual report as Branch Manager to the Board and Shareholders for the 2022/23 financial year.

Firstly, I would like to thank my incredible team of staff members, their commitment and passion to our branches and supporting our communities is the backbone of our business. Continuing to provide professional and knowledgeable service and working hard together to adopt the continuous changes in the banking environment. Ensuring our staff keep customers informed and protected, while helping them achieve their financial goals.

With Dianne Van Heusden our Customer Relationship Officer having been with the Community Bank Cobden & Districts and Camperdown branches for over 13 years so far is a great achievement. We have welcomed Cat McVilly, Jill Bone, Katlyn Loft, Heather Gilbert, Ranjit Singh and Sandra Buckingham as Customer Service Officers. We have farewelled Robyn Ackland, Alexandra Macaronis, Gemma Kelly and more recently Cat McVilly and Ranjit Singh as they moved onto other future endeavours.

Thank you to our customers and our Shareholders for their ongoing support. You all play an important part in increasing our business, the more we grow, the more we can pay in dividends and put back into our community through sponsorships. I would like to thank our Bendigo Bank network, Regional Manager Jason Chuck for his continuing support this year, our Business Banking and Rural Bank Teams of specialists.

I would like to show my appreciation to our hard-working team of Directors of Cobden & District Community Finance Limited. We have had our challenges to overcome this past financial year but your guidance, support and advice throughout the year has been extremely appreciated. I am very fortunate for having such a great team of Directors. They all give their time freely on a volunteer basis to ensure we have our branches in Camperdown and Cobden, this ensures we have important face to face banking services for our communities.

Our combined business increased by \$6.5 million dollars and our customers increased by 4.1% to 3,342 over the financial year, with our total footings now at \$165.4 million dollars under management for our customers.

	2022	2023	Variance
Business Totals			
Cobden	\$87.8 million	\$91.0 million	\$3.2 million
Camperdown	\$71.1 million	\$74.4 million	\$3.3 million
Total	\$158.9 million	\$165.4 million	\$6.5 million
Customer numbers			
Cobden	1,783	1,825	42
Camperdown	1,426	1,517	91
Total	3,209	3,342	133

We continued to grow our social media exposure through our Facebook and Instagram pages, reaching out to customers and the community to keep them up to date on all things banking and what's going on in the community. I would like to acknowledge and thank all our followers for their constant support and interaction.

Manager's report (continued)

The ongoing support as shareholders and customers is essential to the success of our Community Bank Branches. Together, we will continue to grow sustainably and make a positive impact within our communities for generations to come.

I would like to finally ask for our shareholder and supporters within the community help in bringing new business to our Community Bank branches in Cobden and Camperdown, either your own, your acquaintances or with an introduction to community groups you are involved in. Your help is invaluable to growing our business and with every new customer and account opened, that's more funds that are available to be paid in community contributions and shareholder dividends.

The difference with the Community Bank model is that every time people bank with their local Community Bank branch, the bottom-line increases and as such, community contributions and dividends increase as well.

Regards

Margaret McMaster
Branch Manager
Community Bank Cobden & Districts and Camperdown

Supporting our local community

Since opening for business in 2006 the customers of the Community Bank Cobden & Districts and Camperdown have returned more than \$986,674 into the local community by supporting the following clubs, organisations, and groups.

\$986,674

Community contributions since 2006



1st Cobden Scout Group
 1st Noorat Scout Group
 U3A Corangamite
 Advance Camperdown
 Apex Park Camperdown
 Ban the Bulb Project
 Beacon Newsletter (Port Campbell)
 Bookar Cricket Club
 Bostocks Creek Fire Brigade
 Camperdown & District Community House
 Camperdown & District
 Historical Society
 Camperdown Ambulance Aux.
 Camperdown Angling Club
 Camperdown Bowling Club
 Camperdown Business Network
 Camperdown College
 Camperdown Community Stadium
 Camperdown Cruise Inc.
 Camperdown Cycling Club
 Camperdown Fire Brigade
 Camperdown Football Netball Club
 Camperdown Garden Club
 Camperdown Girl Guides
 Camperdown Golf Club
 Camperdown Golf Bowls Club
 Camperdown Hospital Aux - Arts Show
 Camperdown Little Athletics
 Camperdown NextGen Inc.
 Camperdown P&A Society
 Camperdown Playgroup Inc.
 Camperdown Pre-School Assoc.

Camperdown Probus Club Inc.
 Camperdown Races
 Camperdown RSL Sub Branch
 Camperdown SES
 Camperdown Swimming Pool
 Camperdown Theatre Co. Ltd
 Camperdown Timboon Rail Trail Committee
 Camperdown Toy Library
 Camperdown Traders Night
 Camperdown Turf Club
 Camperdown Uniting Church
 Cancer Council Vic
 Christmas Community Meal
 Cobden & District Health Services
 Cobden & District Historical Society
 Cobden & District Kindergarten
 Cobden & District Pony Club
 Cobden Aero Club
 Cobden Airport Committee of Management
 Cobden Amateur Angling Club Inc.
 Cobden Amateur Swimming Club
 Cobden Angling Club
 Cobden Art Club (CDHS)
 Cobden Art Group
 Cobden Branch CWA
 Cobden Bowling Club
 Cobden Civic Hall
 Cobden Fire Brigade
 Cobden Football Netball Club
 Cobden Golf Club Inc.
 Cobden Health
 Cobden Junior Football Club

Cobden Men's Shed
 Cobden Playgroup
 Cobden Primary School
 Cobden Quota
 Cobden Recreation Reserve
 Cobden Safety House Committee
 Cobden Squash Club
 Cobden Swimming and Life-Saving Club
 Cobden Technical School
 Cobden Tennis Association
 Cobrico Hall
 Cooida Terang
 Corangamite AFLW Challenge Cup
 Corangamite Arts Inc.
 Corangamite Junior Hockey Association - U14 uniforms
 Corangamite Model Aircraft Club
 Corangamite Sportsmen's Club Inc.
 Corangamite U3A
 Crayfest Port Campbell
 Derrinallum College
 Derrinallum Progress Association
 Derrinallum Yacht & Power Boat Club
 Fire Fundraiser
 Great South Coast Events Inc.
 Great South Coast Events Trestle 10
 Hampden Tennis Association
 Heytesbury Agricultural Society
 Heytesbury Indoor Bias Bowls Assoc.
 JDRF - Ava's team
 John Maher Road Safety Presentations
 Lakes & Craters Band
 LINC Church Services
 Lions Club of Camperdown
 Lismore Primary School
 Mercy Regional College
 Netball Association
 Nirranda Football Netball Club Inc.
 Noorat & District Pastoral Society
 Noorat Agricultural Society
 Pomborneit Cricket Club
 Pomborneit Fire Brigade

Port Campbell Police
 Port Campbell Progress Group
 Port Campbell Surf Life Saving Club
 Probus Club of Camperdown
 Probus Club of Cobden
 Progressing Cobden Inc.
 Relay for Life
 Robert Burns Festival
 Rock The Clock Camperdown
 Rotary Club of Camperdown
 Rotary Club of Cobden
 Royal Children's Hospital
 Shine For Life Church - Family Fun Day
 Simpson & District Community Centre - Ball & Chain newsletter
 Simpson Bowls Club
 Simpson Football Netball Club
 Simpson Indoor Bias Bowls Club
 Simpson Kindergarten
 Skipton & District Camp Draft Club
 South West Cricket Association Inc.
 South Western Model Engineers Inc.
 South West Health Care
 South West Kart Club
 South West Vic Bushfire Appeal
 South West's Big Freeze
 South Western District Restoration Group
 Southwest Healthcare Camperdown
 St Mary's Anglican Church Guild
 St Patricks School
 Terang Police - CPR Machines
 Timboon Field & Game Club Inc.
 Timboon P12 School
 Universal Music Group
 United Church in Australia
 Variety Club of Victoria
 Victorian Bushfire Appeal
 Weerite Public Hall
 WestVic Dairy
 Yachting Western Victoria
 Youth Taking Action

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



Justine Minne
Bendigo and Adelaide Bank

Directors' report

Cobden & Districts Community Finance Limited

Directors' report

30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Patricia Jean Robertson
Title:	Non-executive director
Experience and expertise:	Past Mayor and Councillor of Town of Camperdown. Current Member of Rotary Club of Camperdown. Former Member and Past Chairman of Mt Leura and Mt Sugarloaf Committee of Management. Current Chairman of Camperdown - Timboon Rail Trail Committee. Past District Governor of Rotary International. Former member of Sunnyside House Board (25 years). Past school Council President (Camperdown Primary School and Camperdown Highschool). Treasurer, Rotary Club of Camperdown Inc.
Special responsibilities:	Chair
Name:	Norman William Duncanson
Title:	Non-executive director
Experience and expertise:	Norman is currently retired with 30 years in Dairy Factory Manufacture Management. 6 years Industry Trainer/Assessor. Diploma Food Technology. Nationally Accredited Industry Trainer. Lions Club Member - 46 years. National Treasurer Lions Eye Health/Vision Programs. Trustee Lions District Charitable Fund. Accredited Lay Presider Uniting Church.
Special responsibilities:	Deputy Chair, Community Investments & Innovation Development(CID)/Marketing Committee
Name:	Bradley Weston Collins
Title:	Non-executive director
Experience and expertise:	Bradley is a Self-employed Dairy Farmer with experience as a Westvic Dairy Board Member, Leadership Great South Coast 2019, Dairy Australia Developing Leaders Program 2018, Ecklin Discussion Group Member.
Special responsibilities:	Treasurer, CID/Marketing Committee
Name:	Christopher Andrew Spokes
Title:	Non-executive director
Experience and expertise:	Christopher is a self-employed dairy farmer. Chair Weerite CFA, member of Weerite Public Hall Committee of management, Member of Corangamite UDV. Previously a licensed A Grade Electrician.
Special responsibilities:	CID/Marketing Committee
Name:	Christopher Rodda
Title:	Non-executive director
Experience and expertise:	Chris is a public servant with a Bachelor of Art degree. He has more than 20 years' experience in newspaper and magazine journalism and 7 years in the government sector. He has lived in Cobden since 2019.
Special responsibilities:	Nil
Name:	Janice Fleming
Title:	Non-executive director (appointed 14 June 2023)
Experience and expertise:	10 years Export Business Development in SE Asia and NZ. 14 years Business Manager in the automotive field. 8 years Sales Development in the chemical field and 5 years Admin/Bookkeeping including AP/AR, BAS and Payroll. Diploma Business Management and Export Functions. Bookkeeping and administration certificates.
Special responsibilities:	Finance Committee

Directors' report (continued)

Name: Lisa Louise Dickinson
Title: Non-executive director (resigned 10 May 2023)
Experience and expertise: Lisa is a Key Account Manger with past experience as a Site Manager - Reid Stockfeeds, volunteer work with the Cobden Football Netball Club, member of the Relay for Life Committee.
Special responsibilities: Risk Committee

Name: Melissa Joy Humphries
Title: Non-executive director (resigned 12 April 2023)
Experience and expertise: Melissa has over 10 years' experience as Company Secretary for a Community Bank company in northeast of Melbourne. Melissa's background is legal and administration and has attended sessions operated by the Governance Institute of Australia.
Special responsibilities: Risk Committee, Finance Committee

Name: Gregory Leigh Suter
Title: Non-executive director (resigned 16 November 2022)
Experience and expertise: Gregory is a self-employed and trade qualified cabinet maker.
Special responsibilities: Finance and Risk Committee

Name: James Alfred Green
Title: Non-executive director (resigned 11 August 2022)
Experience and expertise: James is the Managing Director of Greencon Australia P/L. James has a Bachelor of Engineering, Certificate IV in T & A, GAICD. Past Chairman Cobden Sport Club. Past HFNL Board member. Past Port Campbell SLSC Committee member. Past Chairman CDCFL.
Special responsibilities: Treasurer, Finance and Risk Committee

Company secretary

The company secretary is Janice Fleming. Janice was appointed to the position of company secretary on 15 November 2017.

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 \$262,672 (30 June 2022: \$43,314).

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.

Unfranked dividend of 7 cents per share (2022: 5 cents)

2023
\$

50,750

Significant changes in the state of affairs

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

Directors' report (continued)

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Meetings of directors

The number of directors meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board		Community Investments & Innovation Development/Marketing Committee		People, Risk & Assets Committee		Finance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Patricia Jean Robertson	11	11	-	-	-	-	-	-
Norman William Duncanson	11	11	8	8	1	1	-	-
Bradley Weston Collins	11	8	8	5	-	-	8	8
Christopher Andrew Spokes	11	9	8	7	1	1	-	-
Christopher Rodda	4	4	-	-	-	-	-	-
Janice Fleming	1	1	-	-	-	-	1	1
James Alfred Green	2	2	-	-	-	-	2	1
Gregory Leigh Suter	5	5	-	-	-	-	-	-
Melissa Joy Humphries	9	6	-	-	1	1	4	2
Lisa Louise Dickinson	9	2	-	-	-	-	6	-

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Patricia Jean Robertson	1,000	-	1,000
Norman William Duncanson	500	-	500
Lisa Louise Dickinson	500	-	500
Bradley Weston Collins	-	-	-
Christopher Andrew Spokes	-	-	-
Melissa Joy Humphries	-	-	-
Christopher Rodda	-	-	-
James Alfred Green	1,001	-	1,001
Gregory Leigh Suter	1	-	1
Janice Fleming	-	-	-
	-	-	-

Directors' report (continued)

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Patricia Jean Robertson
Chair

25 August 2023

Auditor's independence declaration



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Cobden & Districts Community Finance Limited

As lead auditor for the audit of Cobden & Districts Community Finance 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.

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

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

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

Joshua Griffin
Lead Auditor



Financial statements

Cobden & Districts Community Finance Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	7	1,334,781	747,093
Other revenue	8	57,302	78,486
Finance revenue		4,175	-
Total revenue		<u>1,396,258</u>	<u>825,579</u>
Employee benefits expense	9	(478,823)	(475,146)
Advertising and marketing costs		(14,038)	(12,419)
Occupancy and associated costs		(51,926)	(30,736)
System costs		(27,781)	(31,091)
Depreciation and amortisation expense	9	(93,234)	(63,403)
Loss on disposal of assets		-	(5,901)
Finance costs		(7,589)	(7,379)
General administration expenses		(87,645)	(93,709)
Total expenses before community contributions and income tax		<u>(761,036)</u>	<u>(719,784)</u>
Profit before community contributions and income tax expense		635,222	105,795
Charitable donations and sponsorships expense	9	<u>(284,531)</u>	<u>(47,359)</u>
Profit before income tax expense		350,691	58,436
Income tax expense	10	<u>(88,019)</u>	<u>(15,122)</u>
Profit after income tax expense for the year	21	262,672	43,314
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>262,672</u>	<u>43,314</u>
		Cents	Cents
Basic earnings per share	29	36.23	5.97
Diluted earnings per share	29	36.23	5.97

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

Financial statements (continued)

Cobden & Districts Community Finance Limited Statement of financial position As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	394,371	-
Trade and other receivables	12	111,302	93,070
Total current assets		<u>505,673</u>	<u>93,070</u>
Non-current assets			
Property, plant and equipment	13	347,445	372,617
Right-of-use assets	14	185,606	186,059
Intangible assets	15	49,721	74,580
Deferred tax assets	10	19,298	51,166
Total non-current assets		<u>602,070</u>	<u>684,422</u>
Total assets		<u>1,107,743</u>	<u>777,492</u>
Liabilities			
Current liabilities			
Trade and other payables	16	178,983	80,786
Borrowings	17	5,302	5,393
Lease liabilities	18	12,361	11,167
Current tax liabilities	10	56,151	-
Employee benefits	19	71,290	50,651
Total current liabilities		<u>324,087</u>	<u>147,997</u>
Non-current liabilities			
Trade and other payables	16	-	54,691
Borrowings	17	5,944	11,246
Lease liabilities	18	188,045	186,067
Employee benefits	19	456	387
Lease make good provision		5,306	5,121
Total non-current liabilities		<u>199,751</u>	<u>257,512</u>
Total liabilities		<u>523,838</u>	<u>405,509</u>
Net assets		<u>583,905</u>	<u>371,983</u>
Equity			
Issued capital	20	698,455	698,455
Accumulated losses	21	(114,550)	(326,472)
Total equity		<u>583,905</u>	<u>371,983</u>

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

Financial statements (continued)

Cobden & Districts Community Finance Limited Statement of changes in equity For the year ended 30 June 2023

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2021		698,455	(333,535)	364,920
Profit after income tax expense		-	43,314	43,314
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	43,314	43,314
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(36,251)	(36,251)
Balance at 30 June 2022		<u>698,455</u>	<u>(326,472)</u>	<u>371,983</u>
Balance at 1 July 2022		698,455	(326,472)	371,983
Profit after income tax expense		-	262,672	262,672
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	262,672	262,672
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	23	-	(50,750)	(50,750)
Balance at 30 June 2023		<u>698,455</u>	<u>(114,550)</u>	<u>583,905</u>

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

Financial statements (continued)

Cobden & Districts Community Finance Limited Statement of cash flows For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,515,587	864,870
Payments to suppliers and employees (inclusive of GST)		(969,789)	(742,880)
Interest received		4,175	-
Interest and other finance costs paid		(820)	(392)
Net cash provided by operating activities	28	<u>549,153</u>	<u>121,598</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(29,913)	(59,360)
Payments for intangible assets		(52,206)	(24,860)
Proceeds from disposal of property, plant and equipment		-	13,636
Net cash used in investing activities		<u>(82,119)</u>	<u>(70,584)</u>
Cash flows from financing activities			
Repayment of lease liabilities	18	(16,520)	(15,737)
Proceeds from borrowings		-	20,989
Dividends paid	23	(50,750)	(36,251)
Repayment of borrowings		(5,130)	(10,027)
Net cash used in financing activities		<u>(72,400)</u>	<u>(41,026)</u>
Net increase in cash and cash equivalents		394,634	9,988
Cash and cash equivalents at the beginning of the financial year		(263)	(10,251)
Cash and cash equivalents at the end of the financial year	11	<u><u>394,371</u></u>	<u><u>(263)</u></u>

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

Notes to the financial statements

Cobden & Districts Community Finance Limited **Notes to the financial statements** **30 June 2023**

Note 1. Reporting entity

The financial statements cover Cobden & Districts Community Finance 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 37 Curdie Street, Cobden VIC 3266.

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

Note 2. Basis of preparation and statement of compliance

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

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

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.

Notes to the financial statements (continued)

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.

Notes to the financial statements (continued)

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Correction of error

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

Note 6. Economic dependency

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

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

Notes to the financial statements (continued)

Note 6. Economic dependency (continued)

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 7. Revenue from contracts with customers

	2023 \$	2022 \$
Margin income	1,119,530	524,182
Fee income	60,711	62,124
Commission income	154,540	160,787
	<u>1,334,781</u>	<u>747,093</u>

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

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

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

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

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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

Revenue calculation

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

Margin income

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

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

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

Commission income

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

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 8. Other revenue

	2023	2022
	\$	\$
Net gain on disposal of property, plant and equipment	-	10,721
Market development fund	56,250	67,500
Other income	1,052	265
	<u>57,302</u>	<u>78,486</u>

Notes to the financial statements (continued)

Note 8. Other revenue (continued)

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

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Net gain on disposal of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Note 9. Expenses

Employee benefits expense

	2023 \$	2022 \$
Wages and salaries	398,504	408,930
Non-cash benefits	6,861	(4)
Superannuation contributions	40,644	36,201
Expenses related to long service leave	7,038	5,057
Other expenses	25,776	24,962
	<u>478,823</u>	<u>475,146</u>

Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Buildings	2,284	2,284
Leasehold improvements	18,617	15,294
Plant and equipment	27,600	1,617
Motor vehicles	6,584	6,421
	<u>55,085</u>	<u>25,616</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	13,290	12,928
<i>Amortisation of intangible assets</i>		
Franchise fee	4,143	4,143
Franchise establishment fee	10,000	10,000
Franchise renewal fee	10,716	10,716
	<u>24,859</u>	<u>24,859</u>
	<u>93,234</u>	<u>63,403</u>

Notes to the financial statements (continued)

Note 9. Expenses (continued)

Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u>9,308</u>	<u>11,587</u>

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

Charitable donations and sponsorships expense

	2023 \$	2022 \$
Direct donation, sponsorship and grant payments	<u>284,531</u>	<u>47,359</u>

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).

Note 10. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	56,151	-
Movement in deferred tax	(5,410)	(5,151)
Recoupment of prior year tax losses	<u>37,278</u>	<u>20,273</u>
Aggregate income tax expense	<u>88,019</u>	<u>15,122</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>350,691</u>	<u>58,436</u>
Tax at the statutory tax rate of 25%	87,673	14,609
Tax effect of:		
Non-deductible expenses	<u>346</u>	<u>513</u>
Income tax expense	<u>88,019</u>	<u>15,122</u>
	2023 \$	2022 \$
<i>Deferred tax assets/(liabilities)</i>		
Tax losses	-	37,277
Employee benefits	17,937	12,822
Provision for lease make good	1,327	1,280
Deductible prepayments	(3,666)	(3,006)
Lease liabilities	50,102	49,308
Right-of-use assets	<u>(46,402)</u>	<u>(46,515)</u>
Deferred tax asset	<u>19,298</u>	<u>51,166</u>
	2023 \$	2022 \$
Provision for income tax	<u>56,151</u>	<u>-</u>

Notes to the financial statements (continued)

Note 10. Income tax (continued)

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 11. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	65,196	-
Term deposits	329,175	-
	<u>394,371</u>	<u>-</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	394,371	-
Bank overdraft (note 17)	-	(263)
Balance as per statement of cash flows	<u>394,371</u>	<u>(263)</u>

Accounting policy for cash and cash equivalents

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

Note 12. Trade and other receivables

	2023 \$	2022 \$
Trade receivables	96,641	81,042
Prepayments	14,661	12,028
	<u>111,302</u>	<u>93,070</u>

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.

Notes to the financial statements (continued)

Note 13. Property, plant and equipment

	2023 \$	2022 \$
Land - at cost	49,252	49,252
Buildings - at cost	91,366	91,366
Less: Accumulated depreciation	<u>(26,632)</u>	<u>(24,348)</u>
	64,734	67,018
Leasehold improvements - at cost	357,945	352,090
Less: Accumulated depreciation	<u>(160,897)</u>	<u>(143,490)</u>
	197,048	208,600
Plant and equipment - at cost	81,107	58,259
Less: Accumulated depreciation	<u>(65,097)</u>	<u>(37,497)</u>
	16,010	20,762
Motor vehicles - at cost	32,920	32,920
Less: Accumulated depreciation	<u>(12,519)</u>	<u>(5,935)</u>
	20,401	26,985
	<u>347,445</u>	<u>372,617</u>

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

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Motor Vehicle \$	Total \$
Balance at 1 July 2021	49,252	69,302	213,315	22,379	3,401	357,649
Additions	-	-	16,480	-	32,920	49,400
Disposals	-	-	(5,901)	-	(2,915)	(8,816)
Depreciation	-	(2,284)	(15,294)	(1,617)	(6,421)	(25,616)
Balance at 30 June 2022	49,252	67,018	208,600	20,762	26,985	372,617
Additions	-	-	7,065	22,848	-	29,913
Depreciation	-	(2,284)	(18,617)	(27,600)	(6,584)	(55,085)
Balance at 30 June 2023	<u>49,252</u>	<u>64,734</u>	<u>197,048</u>	<u>16,010</u>	<u>20,401</u>	<u>347,445</u>

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	4 to 40 years
Plant & equipment	0 to 40 years
Motor Vehicles	5 years

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

Notes to the financial statements (continued)

Note 13. Property, plant and equipment (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets. Land is not depreciated.

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 14. Right-of-use assets

	2023	2022
	\$	\$
Land and buildings - right-of-use	275,688	262,851
Less: Accumulated depreciation	<u>(90,082)</u>	<u>(76,792)</u>
	<u>185,606</u>	<u>186,059</u>

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	131,830
Remeasurement adjustments	67,157
Depreciation expense	<u>(12,928)</u>
Balance at 30 June 2022	186,059
Remeasurement adjustments	12,837
Depreciation expense	<u>(13,290)</u>
Balance at 30 June 2023	<u>185,606</u>

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Refer to note 18 for more information on lease arrangements.

Notes to the financial statements (continued)

Note 15. Intangible assets

	2023 \$	2022 \$
Franchise fee	71,440	71,440
Less: Accumulated amortisation	<u>(63,152)</u>	<u>(59,010)</u>
	8,288	12,430
Franchise renewal fee	157,203	157,203
Less: Accumulated amortisation	<u>(135,770)</u>	<u>(125,053)</u>
	21,433	32,150
Franchise establishment fee - Camperdown	50,000	50,000
Less: Accumulated amortisation	<u>(30,000)</u>	<u>(20,000)</u>
	20,000	30,000
	<u>49,721</u>	<u>74,580</u>

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

	Franchise fee \$	Establishment fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	16,573	40,000	42,866	99,439
Amortisation expense	<u>(4,143)</u>	<u>(10,000)</u>	<u>(10,716)</u>	<u>(24,859)</u>
Balance at 30 June 2022	12,430	30,000	32,150	74,580
Amortisation expense	<u>(4,143)</u>	<u>(10,000)</u>	<u>(10,716)</u>	<u>(24,859)</u>
Balance at 30 June 2023	<u>8,287</u>	<u>20,000</u>	<u>21,434</u>	<u>49,721</u>

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Establishment fee	Straight-line	Over the franchise term (5 years)	June 2025
Franchise fee	Straight-line	Over the franchise term (4 years)	June 2025
Franchise renewal fee	Straight-line	Over the franchise term (4 years)	June 2025

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

Change in estimates

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

Notes to the financial statements (continued)

Note 16. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	93,459	18,824
Other payables and accruals	<u>85,524</u>	<u>61,962</u>
	<u>178,983</u>	<u>80,786</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>-</u>	<u>54,691</u>

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 17. Borrowings

	2023 \$	2022 \$
<i>Current liabilities</i>		
Bank overdraft	-	263
Chattel mortgage	<u>5,302</u>	<u>5,130</u>
	<u>5,302</u>	<u>5,393</u>
<i>Non-current liabilities</i>		
Chattel mortgage	<u>5,944</u>	<u>11,246</u>

Chattel mortgage

The chattel mortgage is repayable monthly. The interest rate is fixed at 3.30%. Upon the final payment in September 2025 the registered security over the motor vehicle is removed.

Accounting policy for borrowings

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

Notes to the financial statements (continued)

Note 18. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	19,256	18,022
Unexpired interest	<u>(6,895)</u>	<u>(6,855)</u>
	<u>12,361</u>	<u>11,167</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	231,078	232,797
Unexpired interest	<u>(43,033)</u>	<u>(46,730)</u>
	<u>188,045</u>	<u>186,067</u>
<i>Reconciliation of lease liabilities</i>		
	2023 \$	2022 \$
Opening balance	197,234	140,392
Remeasurement adjustments	12,837	66,371
Lease interest expense	6,855	6,208
Lease payments - total cash outflow	<u>(16,520)</u>	<u>(15,737)</u>
	<u>200,406</u>	<u>197,234</u>
<i>Maturity analysis</i>		
	2023 \$	2022 \$
Not later than 12 months	19,256	18,022
Between 12 months and 5 years	77,026	72,092
Greater than 5 years	<u>154,052</u>	<u>160,705</u>
	<u>250,334</u>	<u>250,819</u>

Accounting policy for lease liabilities

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected 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.

Notes to the financial statements (continued)

Note 18. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Cobden Branch	3.54%	5 years	2 x 5 years	Yes	June 2036

Note 19. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	42,955	29,285
Long service leave	<u>28,335</u>	<u>21,366</u>
	<u>71,290</u>	<u>50,651</u>
<i>Non-current liabilities</i>		
Long service leave	<u>456</u>	<u>387</u>

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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.

Notes to the financial statements (continued)

Note 19. Employee benefits (continued)

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

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	725,012	725,012	725,012	725,012
Less: Equity raising costs	-	-	(26,557)	(26,557)
	<u>725,012</u>	<u>725,012</u>	<u>698,455</u>	<u>698,455</u>

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:

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

- 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 302. As at the date of this report, the company had 328 shareholders (2022: 329 shareholders).

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

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

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

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

Note 21. Accumulated losses

	2023 \$	2022 \$
Accumulated losses at the beginning of the financial year	(326,472)	(333,535)
Profit after income tax expense for the year	262,672	43,314
Dividends paid (note 23)	<u>(50,750)</u>	<u>(36,251)</u>
Accumulated losses at the end of the financial year	<u><u>(114,550)</u></u>	<u><u>(326,472)</u></u>

Note 22. Capital management

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

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

The distribution limit is the greater of:

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

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

Notes to the financial statements (continued)

Note 22. Capital management (continued)

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

Note 23. Dividends

Dividends provided for and paid during the period

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

	2023 \$	2022 \$
Unfranked dividend of 7 cents per share (2022: 5 cents)	50,750	36,251

Franking credits

	2023 \$	2022 \$
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Franking credits (debits) that will arise from payment (refund) of income tax	56,151	-

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	2023 \$	2022 \$
Financial assets		
Trade and other receivables	96,641	81,042
Cash and cash equivalents	394,371	-
	<u>491,012</u>	<u>81,042</u>
Financial liabilities		
Trade and other payables	178,983	135,477
Lease liabilities	200,406	197,234
Bank overdrafts	-	263
Chattel mortgage	11,246	16,639
	<u>390,635</u>	<u>349,613</u>

Accounting policy for financial instruments

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

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

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

Notes to the financial statements (continued)

Note 24. Financial instruments (continued)

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

Financial risk management

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. The company held cash and cash equivalents of \$394,371 at 30 June 2023 (2022: nil).

Price risk

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

Credit risk

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

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

Liquidity risk

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

Financing arrangements

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	178,983	-	-	178,983
Lease liabilities	19,256	77,026	154,052	250,334
Chattel mortgage	5,302	5,944	-	11,246
Total non-derivatives	<u>203,541</u>	<u>82,970</u>	<u>154,052</u>	<u>440,563</u>

Notes to the financial statements (continued)

Note 24. Financial instruments (continued)

2022	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Bank overdraft	263	-	-	263
Trade and other payables	80,786	54,691	-	135,477
Lease liabilities	18,022	72,092	160,705	250,819
Chattel mortgage	5,130	11,246	-	16,376
Total non-derivatives	<u>104,201</u>	<u>138,029</u>	<u>160,705</u>	<u>402,935</u>

Note 25. Key management personnel disclosures

The following persons were directors of Cobden & Districts Community Finance Limited during the financial year and/or up to the date of signing of these Financial Statements.

Patricia Jean Robertson	Melissa Joy Humphries
Norman William Duncanson	Christopher Rodda
Lisa Louise Dickinson	James Alfred Green
Bradley Weston Collins	Gregory Leigh Suter
Christopher Andrew Spokes	

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

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

Note 26. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
A director owns and operates a local Kitchens and Joinery business which the bank used for joinery works at the Cobden branch.	5,508	-

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

Note 27. Remuneration of auditors

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

	2023 \$	2022 \$
<i>Audit services</i>		
Audit or review of the financial statements	<u>5,900</u>	<u>5,600</u>
<i>Other services</i>		
General advisory services	3,590	3,400
Share registry services	<u>5,078</u>	<u>4,297</u>
	<u>8,668</u>	<u>7,697</u>
	<u><u>14,568</u></u>	<u><u>13,297</u></u>

Notes to the financial statements (continued)

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$	2022 \$
Profit after income tax expense for the year	262,672	43,314
Adjustments for:		
Depreciation and amortisation	92,024	63,403
Net gain on disposal of non-current assets	-	(4,820)
Lease liabilities interest	6,855	6,784
Change in operating assets and liabilities:		
Increase in trade and other receivables	(18,232)	(32,273)
Decrease in deferred tax assets	31,868	15,121
Increase in trade and other payables	96,922	12,172
Increase in provision for income tax	56,151	-
Increase in employee benefits	20,708	19,128
Increase/(decrease) in other provisions	185	(1,231)
Net cash provided by operating activities	<u>549,153</u>	<u>121,598</u>

Note 29. Earnings per share

	2023 \$	2022 \$
Profit after income tax	<u>262,672</u>	<u>43,314</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>725,012</u>	<u>725,012</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>725,012</u>	<u>725,012</u>
	Cents	Cents
Basic earnings per share	36.23	5.97
Diluted earnings per share	36.23	5.97

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Cobden & Districts Community Finance Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

Cobden & Districts Community Finance 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



Patricia Jean Robertson
Chair

25 August 2023

Independent audit report



Andrew Frewin Stewart
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Independent auditor's report to the Directors of Cobden & Districts Community Finance Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cobden & Districts Community Finance 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 Cobden & Districts Community Finance 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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Liability limited by a scheme approved under Professional Standards Legislation.



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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Joshua Griffin
Lead Auditor

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Liability limited by a scheme approved under Professional Standards Legislation.

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 **Bendigo Bank**