Annual Report 2023

Creswick & District Financial Services Limited

Community Bank
Creswick & District

ABN 14 119 315 258

Contents

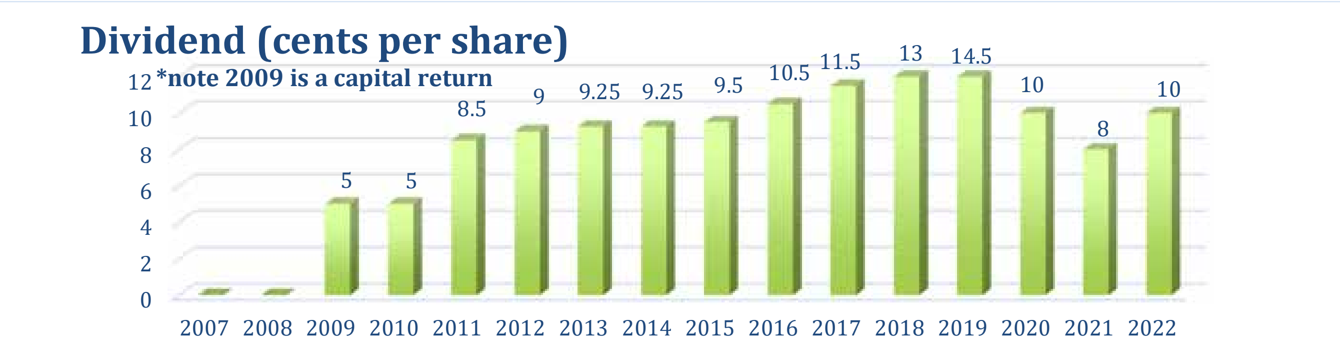
Chairman's report

For the year ended 30 June 2023

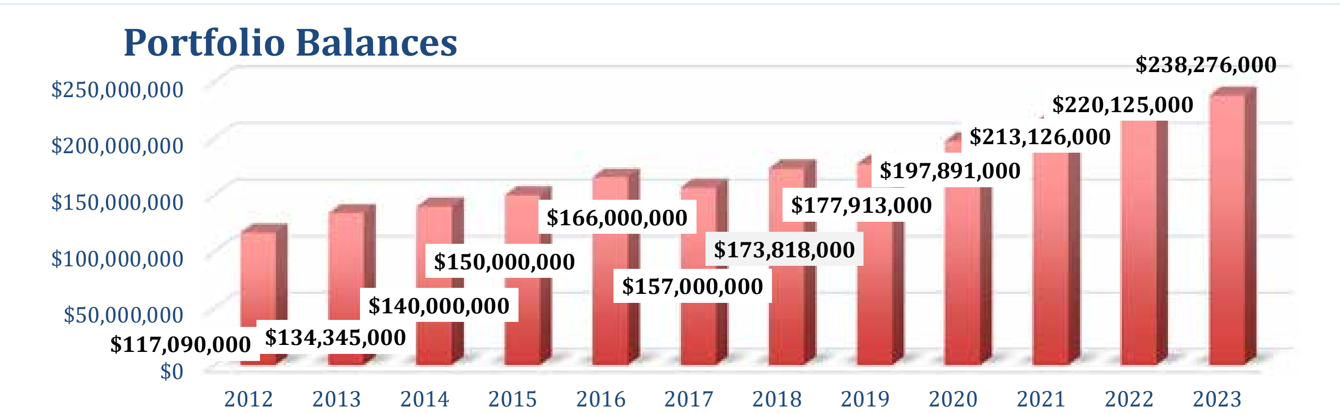
It is an honour and privilege that I deliver to our valued shareholders my 2022/2023 Chairman's report. The past year has again provided a strong result both financially to our shareholders and our community, with a positive impact on the many community groups we have supported in the important work they do.

In short, our business generated more than $1.7m in income which resulted in over $690,000.00 in profit. This enabled us to contribute almost $300,000.00 in Community Contributions for the past 12 months. Since our inception in 2007, Community Bank Creswick & District has injected almost $2.6m into our community. These impressive numbers are a true testament to the dedication of our hard-working staff and directors, of whom I am very proud of and grateful to work with. It's thanks to our loyal customers and the continuing growth of the business that we are able to continue to make such a large injection into our district.

In the below graph our dividend distribution history reflects Creswick & District Financial Services Limited's commitment to delivering consistent value to our shareholders. Over the past fifteen years, we have steadily increased dividends, with a focus on maintaining stability and sustainable growth. From 2009 to 2022, we have seen a gradual rise in dividend payouts, reaching a peak of 14.5 in 2019, a testament to our dedication to maximizing returns for our valued shareholders. Despite navigating through challenging economic times in recent years, we have remained resilient, ensuring that our shareholders continue to benefit. While 2020 and 2021 saw adjustments due to external economic factors, we are pleased to report a rebound to a dividend of 10 cents in 2022. Our dividend history underscores our unwavering commitment to shareholder satisfaction and our strategic approach to maintaining a strong financial foundation.



Our accumulated portfolio balances reflect a dedication in growing the business. Over the years, we have consistently nurtured our portfolio's growth, attaining significant milestones. From the initial balance of $16 million in 2007 to the impressive figure of $238.28 million in 2023, our trajectory mirrors our commitment to maximizing value for our community and shareholders. This sustained progression highlights our ability to navigate various market conditions while delivering strong returns. As we continue to navigate the evolving financial landscape, we remain resolute in our pursuit for future business growth ensuring the prosperity of our company and the interests of our valued shareholders.



The Board recognise the dedication of our staff who are committed to the growth of Community Bank Creswick & District customer base and provision of high-quality service. We regularly receive positive customer feedback regarding our staff. We are very proud of the team and the community spirit which is evident with all our staff. This year we welcomed our new Branch Manager Grant Hopkinson, who has come to us with many years of banking expertise. In the short time Grant has been with us, it is extremely pleasing to see how customer focused Grant is and the leadership and support he is providing to our staff. Recently Oscar Broad completed his Certificate lll in Business traineeship and has now been appointed Customer Relationship Officer. The past 12 months has seen Oscar work very hard to complete his studies and gain banking experience. We are lucky to have Oscar with us to look after our customers. I appreciate all the staff who have mentored and passed on their wealth of banking experience onto Oscar. We are happy to have also welcomed Kristin McNamara back to the team from maternity leave.

I would like to thank my fellow board members. Our Board members give their time willingly for the benefit of the company and their community. As our company has grown, so has the responsibility of the Board in ensuring that due diligence is followed. The challenges faced in running a community company are increasing, however I am confident that our board has the resolve and dedication to ensure that our company continues to provide for our community well into the future. During the year we welcomed Wendy McFarlane and Gayle Wrigley as new directors to the company. The skills that both Wendy and Gayle bring to the board are greatly appreciated and I look forward to working with Gayle and Wendy and their input to benefit the company and our community.

In March, the entire Creswick community was saddened to receive the news of the death of Quentin Turner. Quentin was a long-standing Director of Creswick & District Financial Services Limited and dedicated a number of years to Community Bank Creswick & District and his community. He will be missed, and the board was privileged and grateful for the dedication he provided during his term as director.

The Late Quentin Turner

Community Bank Creswick &-District supported over 30 community groups and projects. A valuable partnership has developed with Hepburn Shire where the Community Bank contributed $250,000 to the Hammon Park Trailhead project. This project serves as the trailhead for the Creswick Trails, which is currently under construction, featuring over 60 kilometres of mountain bike and shared use trails located in the State Forest, Regional Park, and plantation land in Creswick. The Trailhead is a fully self-contained community focused reserve with a cycling theme that includes Cycling jumps, Children's Play space, undercover BBQ area, new toilet block and many other elements for the whole community to enjoy not just the cycling enthusiast.

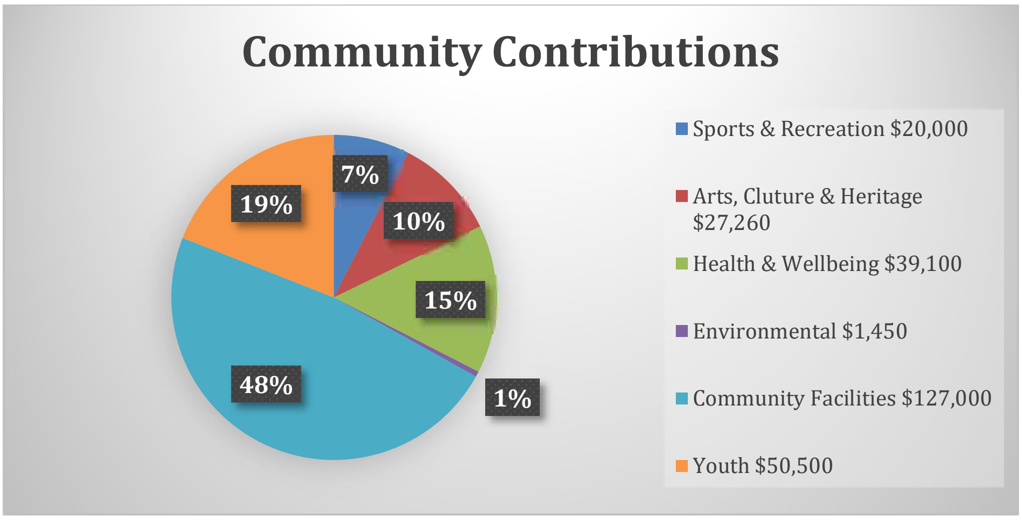
Hammon Park trailhead showing the Community Bank Playground & Learn to Ride area

An important asset to our community is our youth, and we were delighted to partner with Youthrive Victoria to donate one university and two vocational scholarships to be award to young people in our community looking to up-skill or pursue tertiary studies in 2024. Youthrive is a fantastic local organisation who not only provide financial support, but strengthen rural and regional communities by supporting, empowering and developing young people to become leaders through capacity building, mentoring and leadership opportunities. This contribution reiterates the Community Bank philosophy of supporting the future leaders of our community.

Creswick & District Community Bank also contributed $ 33,000 to the Central Highlands Rural Health Creswick Health Upgrade Appeal. This partnership saw the Community Bank match dollar for dollar an eight-week campaign where Creswick locals rallied to support their local health service raising more than $60,000 for their building development project. This important upgrade to Creswick Health's facilities ensures they can continue to provide residents with the best care possible. The Creswick and district community have shown how much they value their local health service by digging deep and donating to the appeal. It is fantastic that the Community Bank can then leverage against the generosity of the community to assist in the development of this critical community asset.

G Hopkinson (Branch Manager), M Cuddihy (CEO CHRH) W McFarlane (Director CDFS),
K Redwood (Board memberCHRH) & R Orr (Chair Creswick Health Fundraising Committee)
Cheque presentation at the Creswick Hospital

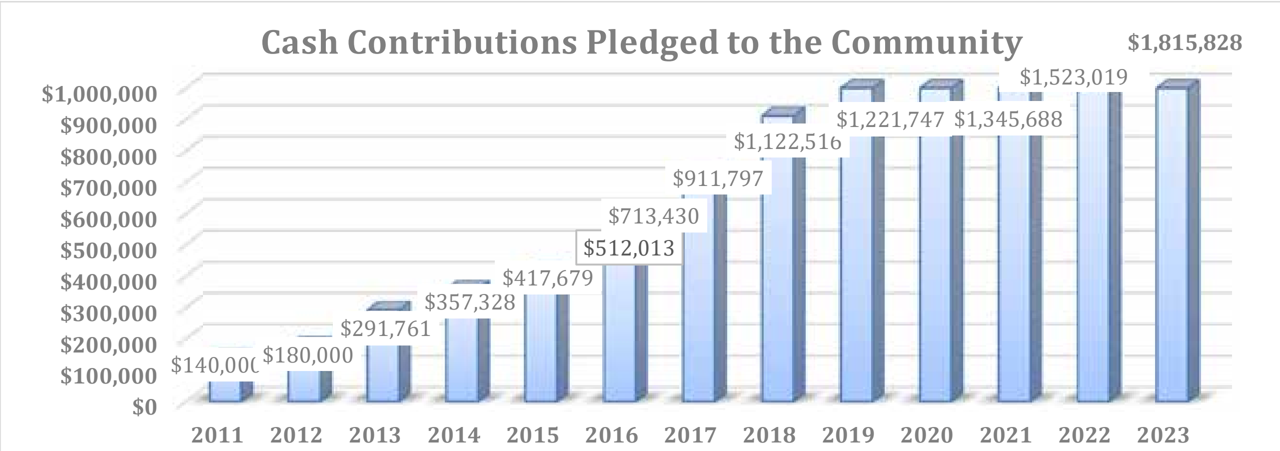
As illustrated below, our community contributions remain committed across diverse sectors of our community. In Sports & Recreation, we've provided $20,000, promoting active lifestyles. Our commitment to Arts, Culture & Heritage is reflected in a $27,260 contribution. Health & Wellbeing initiatives received $39,100, aligning with our dedication to overall wellness. Demonstrating our eco-conscious stance, $1,450 was allocated to Environmental causes. We've invested significantly, $127,000, in Community Facilities, fostering inclusive spaces. Youth programs received $50,500, showcasing our belief in their potential. These actions underline our approach to community enrichment and sustained positive impact.



COMMUNITY GROUPS SUPPORTED DURING 22/23

Newlyn FNC
Pavilion Arts & Sustainability
VOGA
Seeding Vic
Coghills Creek Progress Association
Ballarat Agricultural & Pastoral Society
Fred Icke Cycle Classic
Kingston Agricultural Society
Dreamseeds Workshops
Creswick Scouts
Grade 6 students from 5 local primary schools
Mt Prospect Tennis
Lions Club of Creswick
Creswick Neighbourhood Centre
CresFest
Youthrive
Creswick District News
Andersons Mill Heritage Weekend
Clunes Booktown
Clunes Golf Club
Creswick & District Historical Society
John Curtin Aged Care Independent Living Units
Hammon Park
Creswick Hospital
Business & Tourism Creswick
Smeaton Best Wool Best Lamb Group
Creswick FNC
Creswick Soccer Club
Creswick Garden Club
John Curtin Aged Care
Ballarat Foundation

Our ongoing commitment to support the community is demonstrated by the impressive cumulative cash contributions we have pledged over the years. Since 2008, we have consistently increased our financial contributions to initiatives that directly impact the well-being of our community. From the initial contribution of $5,000 in 2008 to the substantial commitment of $1,815,828 in 2023, our investment has seen a remarkable progression. This sustained growth in our accumulated cash contributions underscores our dedication to fostering positive change and leaving a lasting legacy within our community.



As a Board and staff, we are all proud of our ability to make a meaningful impact and look forward to further enhancing our community engagement in the years to come.

Marcus Walsh
Chairman

Branch Manager's Report

For the year ended 30 June 2023

What a wonderful year we have had at Community Bank Creswick & District and what a year of changes.

When I joined the team in January 2023, we had 2 full-time staff, John and Natalie, and our full-time trainee Oscar. In May Kristen returned from Parental Leave and we were able to appoint Oscar as a full-time Customer Relationship Officer at the completion of his traineeship. We were also incredibly pleased to appoint Michael Bebb as a full time Customer Relationship Manager in early July 2023. Michael will be primarily assisting me with lending in the branch and he is also going to help with any other banking requirements that our customers may have. Returning to a full staff in the branch has helped tremendously and we look forward to continuing to offer a high-quality service to our customers.

It is a privilege to report great results for the year ending June 2023. Customer numbers are steadily increasing, with total deposits for the branch having surpassed $157 million, whilst lending has remained steady, sitting at just over $55 million. Total business at Community Bank Creswick & District is over $238 million, which is a fantastic effort and shows the amazing support we have from our local customers throughout Creswick and Clunes.

I do have some specific goals I am looking at over the coming 12 months. Completing staff training for our new staff members is right at the top of the list, and I expect this to be completed within the next 3-4 months.
Next, we want to increase our relationships/partnerships in the community and continue to grow the business in both lending and deposits. This business development is a high priority to ensure we continue to achieve great results throughout 2024 and continue to invest funds back into our community.

Clunes is also a priority this year, and we will be working hard to build up our presence there.

Since Community Bank Creswick & District opened, we have been able to give back to the Creswick and district community over $1.8M in community contributions.

Finally, I want to add my sincere thanks to everyone:

- To all the directors, for their great support since I started as Branch Manager, and a special mention for Narelle Barrett who, as Executive Officer, has been a tremendous help in linking me up with different community groups.
- To my team at the branch, who have worked tirelessly to help me settle in and keep our business turning over. Congratulations to Michael Bebb and Oscar Broad for their appointments into full-time roles. A special thank you goes to John Collins and Natalie Lee for their hard work in keeping the branch running.
- And of course, to all of you, the customers, and shareholders of Community Bank Creswick & District without whom we could not have achieved so much over the past 16 years.

Grant Hopkinson

Grant Hopkinson
Branch Manager

For the Year Ended 30 June 2023

The directors present their report, together with the consolidated financial statements of the Group, being the Creswick & District Financial Services Limited and its controlled entity, Creswick Community Property Group Pty Ltd for the financial year ended 30 June 2023.

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Marcus Walsh	**Special responsibilities:** Chairperson. Appointed 31 October 2017. **Experience and expertise:** Marcus has been in various roles within the building industry for the past 25 years and is currently a Contracts Manager for a local Project Management Company. **Board member since:** 2005. Founding director.
Daryl Clifton	**Special responsibilities:** Secretary. Appointed 31 October 2017. Chairperson of the Finance & Audit Committee. **Experience and expertise:** Master's Degree in Ed, Graduate Certificate in Public Administration and Certificate IV in Work Place Training and Development. Daryl was a senior manager with Victoria Police after serving for 42 years. **Board member since:** April 2017.
Janine Booth	**Special responsibilities:** Treasurer. Chairperson of the Grants & Sponsorship Committee. Appointed 31 January 2017. **Experience and expertise:** Councillor Creswick Shire Council 1992-1996 and Hepburn Shire Council 2005 - 2012 including Mayor 2010. With over 30 years Management experience within Australia Post, Janine currently owns and operates the Creswick Post Office. **Board member since:** 2005. Founding director.
Michael Beaumont	**Special Responsibilities:** Chairperson of the Business Development Committee. **Experience and expertise:** A current Director of the Ballarat Meat Company. Michael has been involved in the retail and wholesale meat business for over 45 years. He has also served with the Miners Rest CFA for over 40 years. Michael is a Justice of the Peace. **Board member since:** 2010.
Wendy McFarlane	**Experience and expertise:** Wendy holds a Bachelor of Business degree majoring in Accounting and is a Fellow of CPA Australia. Wendy has recently retired after 20 years as a Business Director and Company Secretary at an independent school. Prior to working in schools Wendy held various roles in the mining industry. Wendy is now enjoying several voluntary roles in local Creswick organisations and with the Art Gallery of Ballarat. **Board member since:** Appointed 26 April 2023
Graeme Mitchell	**Experience and expertise:** 50 years business experience in the clothing trade. 40 years experience as a clothing agency. 20 years experience in retail clothing. Former chairman of Trice Holdings P/L. **Board member since:** 2005. Chairperson from 2005 - 2017. Founding Chairperson.

For the Year Ended 30 June 2023

Information on directors (continued)

Ian Smith	**Experience and expertise:** Ian and his family are long-time residents of Rocklyn. Ian is involved in many local groups including the CFA, Ballarat & District Ploughing Association, Landcare and local farming groups. **Board member since:** May 2020.
Jeff Unmack	**Experience and expertise:** B.Pharm., M.P.S. Jeff has been working as a qualified Pharmacist for over 30 years. Jeff owns and operates the Creswick Pharmacy and the Clunes Pharmacy. He is a past President of the Ballaarat Club. **Board member since:** 2015.
Gayle Wrigley	**Experience and expertise:** Gayle is a chartered Accountant who has worked for Ambulance Victoria in a range of roles for over 20 years. She is a partner in her family's farming business and is secretary of the Clunes and District Agricultural Society. **Board member since:** Appointed 29 November 2022. **Retired:** 27 June 2023.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Meetings of Directors

During the financial year, 11 meetings of directors (not including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Finance & Audit Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Marcus Walsh	11	8	4	3
Daryl Clifton	11	10	4	2
Janine Booth	11	10	4	4
Michael Beaumont	11	9	-	-
Wendy McFarlane	4	4	-	-
Graeme Mitchell	11	8	-	-
Ian Smith	11	7	-	-
Jeff Unmack	11	8	-	-
Gayle Wrigley	8	8	-	-

For the Year Ended 30 June 2023

Information on directors (continued)

Equity holdings of management personnel

The number of ordinary shares in the company held during the financial year by each director and other key management personnel, including their related parties, are set out below:

	Balance at beginning of year	Changes during the year	Balance at 30 June 2023
Marcus Walsh	501	-	501
Daryl Clifton	1,000	-	1,000
Janine Booth	6,001	-	6,001
Michael Beaumont	16,600	3,000	19,600
Wendy McFarlane	-	-	-
Graeme Mitchell	13,501	-	13,501
Ian Smith	100	-	100
Jeff Unmack	10,000	-	10,000
Gayle Wrigley*	7,500	-	7,500
	55,203	3,000	58,203

* shares already owned at the beginning of the year prior to appointment as a director.

Company secretary

The secretary of the company at the end of financial year was Daryl Clifton who has been in the positions since 31 October 2017.

Principal activities

The principal activities of the Group during the financial year were providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

No significant change in the nature of the Group's activities occurred during the year.

Operating results

The consolidated profit of the Group amounted to $690,024 (2022: $137,113).

Dividends paid or recommended

Dividends paid or declared during or since the end of the financial year comprised a fully franked dividend of 10 cents per share totalling $67,646 which was declared and paid during the year ended 30 June 2023.

Significant changes in state of affairs

There have been no significant changes in the state of affairs of entities in the Group during the financial year.

Events after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

For the Year Ended 30 June 2023

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Contracts and options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Indemnification and insurance of officers and auditors

The company has agreed to indemnify each officer (director, secretary or employee) out of assets of the company to the relevant extent for any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has officers insurance for the benefit of officers of the company against any liability incurred by the officer, which includes the officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the officer's duties.

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses insurance contracts as such disclosure is prohibited under the terms of the contract. The company has not provided any insurance for an auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2023 has been received and can be found on page 5 of the consolidated financial report. No officer of the company is or has been a partner or director of the auditor of the company.

Signed in accordance with a resolution of the Board of Directors:

Director: ....
Marcus Walsh

Director: ....
Daryl Clifton

Dated: 29 August 2023

Creswick & District Financial Services Ltd
ABN 14 119 315 258

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Creswick & District Financial Services Ltd and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2023, there have been:

(i) no contraventions of the auditor independence requirements as set out in 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.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd

Jason D. Hargreaves
Director

180 Eleanor Drive, Lucas

Dated: 24 August 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2023

	Note	Consolidated 2023 $	2022 $
Revenue			
Revenue and other income	4	**1,818,482**	982,445
		1,818,482	982,445
Expenses			
Administrative expenses		**(74,786)**	(59,612)
Agents commissions		**(32,720)**	(34,493)
Advertising and marketing		**(6,192)**	(11,324)
Bad debt expenses and expected credit losses	5(a)	**(49)**	(194)
Depreciation expense	5(b)	**(33,561)**	(28,995)
Employment costs	5(c)	**(374,011)**	(384,574)
Finance costs		**-**	(1,376)
Information technology costs		**(26,191)**	(29,439)
Occupancy costs		**(39,952)**	(42,546)
Other expenses		**(19,458)**	(17,331)
		(606,920)	(609,884)
Operating profit before charitable donations and sponsorships		**1,211,562**	372,561
Charitable donations and sponsorships		**(292,849)**	(191,035)
Profit before income taxes		**918,713**	181,526
Income tax expense	7(a)	**(228,689)**	(44,413)
Profit for the year		**690,024**	137,113
Other comprehensive income, net of tax			
Items that will not be reclassified subsequently through profit or loss			
Net loss on revaluation of financial assets designated at FVOCI, net of tax	7(c)	**(6,962)**	(19,430)
Total comprehensive income for the year		**683,062**	117,683
Profit for the year attributable to members of the parent entity		**690,024**	137,113
Total comprehensive income attributable to members of the parent entity		**683,062**	117,683
Earnings per share for profit from continuing operations attributable to the members of the parent entity			
Basic earnings per share (cents)	21	**102.01**	20.26

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As At 30 June 2023

	Note	Consolidated 2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	8	**949,153**	188,828
Trade and other receivables	9	**172,970**	102,329
Financial assets	10	**192,476**	191,048
Total current assets		**1,314,599**	482,205
Non-current assets			
Intangible assets	11	**51,392**	64,565
Property, plant and equipment	12	**1,014,325**	1,016,366
Investment properties	13	**956,668**	956,668
Total non-current assets		**2,022,385**	2,037,599
Total assets		**3,336,984**	2,519,804
Liabilities			
Current liabilities			
Current tax liabilities	7(d)	**(199,236)**	(3,460)
Trade and other payables	14(a)	**(86,987)**	(54,030)
Employee benefits	16	**(48,948)**	(39,863)
Total current liabilities		**(335,171)**	(97,353)
Non-current liabilities			
Trade and other payables	14(a)	**(29,222)**	(58,445)
Employee benefits	16	**-**	(3,971)
Deferred tax liabilities	7(e)	**(124,026)**	(126,886)
Total non-current liabilities		**(153,248)**	(189,302)
Total liabilities		**(488,419)**	(286,655)
Net assets		**2,848,565**	2,233,149
Equity			
Issued capital	17	**618,364**	618,364
Retained earnings	18	**1,921,724**	1,299,346
Land and building revaluation reserve	20	**327,168**	327,168
Financial asset revaluation reserve	20	**(18,691)**	(11,729)
Total equity		**2,848,565**	2,233,149

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2023

2023				Consolidated		
		Issued capital	Retained earnings	Land and building revaluation reserve	Financial asset revaluation reserve	Total
	Note	$	$	$	$	$
Balance at 1 July 2022		**618,364**	**1,299,346**	**327,168**	**(11,729)**	**2,233,149**
Profit attributable to members of the parent entity		**-**	**690,024**	**-**	**-**	**690,024**
Total other comprehensive income for the year	7(c)	**-**	**-**	**-**	**(6,962)**	**(6,962)**
Dividends paid or provided for	19	**-**	**(67,646)**	**-**	**-**	**(67,646)**
Balance at 30 June 2023		**618,364**	**1,921,724**	**327,168**	**(18,691)**	**2,848,565**

2022				Consolidated		
		Issued capital	Retained earnings	Land and building revaluation reserve	Financial asset revaluation reserve	Total
	Note	$	$	$	$	$
Balance at 1 July 2021		618,364	1,216,350	327,168	7,701	2,169,583
Profit attributable to members of the parent entity		-	137,113	-	-	137,113
Total other comprehensive income for the year	7(c)	-	-	-	(19,430)	(19,430)
Dividends paid or provided for	19	-	(54,117)	-	-	(54,117)
Balance at 30 June 2022		618,364	1,299,346	327,168	(11,729)	2,233,149

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the Year Ended 30 June 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
Cash flows from operating activities:			
Receipts from customers		**1,879,551**	1,027,829
Payments to suppliers and employees		**(1,029,043)**	(908,083)
Rental income received		**21,507**	21,450
Interest received		**6,843**	424
Interest paid		**-**	(1,561)
Income taxes paid		**(33,453)**	(32,737)
Net cash provided by operating activities	30	**845,405**	107,322
Cash flows from investing activities:			
Purchase of property, plant and equipment		**(17,984)**	(21,396)
Net cash used in investing activities		**(17,984)**	(21,396)
Cash flows from financing activities:			
Repayment of loans from directors		**-**	(150,000)
Dividends paid		**(67,096)**	(55,016)
Net cash used in financing activities		**(67,096)**	(205,016)
Net decrease in cash and cash equivalents held		**760,325**	(119,090)
Cash and cash equivalents at beginning of year		**188,828**	307,918
Cash and cash equivalents at end of financial year	8(a)	**949,153**	188,828

The accompanying notes form part of these financial statements.

For the Year Ended 30 June 2023

The consolidated financial report covers Creswick & District Financial Services Ltd and its controlled entity, Creswick Community Property Group Pty Ltd ('the Group'). Creswick & District Financial Services Ltd is a for-profit proprietary Company, incorporated and domiciled in Australia.

The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 29 August 2023.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. These financial statements comply with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

Material accounting policies adopted in the preparation of these financial statements are presented below (and in the specific notes to the financial statements) and have been consistently applied unless otherwise stated.

The financial statements, except for cashflow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Economic dependency

The Group has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the Community Bank branch at Creswick.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo and systems of operation of Bendigo and Adelaide Bank Limited. The Group manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however, all transactions with customers conducted through the Community Bank branch are effectively conducted between customers and Bendigo and Adelaide Bank Limited.

All deposits made with Bendigo and Adelaide Bank Limited and all personal investment products are products of Bendigo and Adelaide Bank Limited, with the Group 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited and all credit products are products of Bendigo and Adelaide Bank Limited.

For the Year Ended 30 June 2023

1 Basis of preparation (continued)

(a) Economic dependency (continued)

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branch 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 operations, including advice in relation to:

- The design, layout and fit-out of the Community Bank branch;
- Training for the branch managers 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; and
- Sales techniques and customer relations.

2 Summary of significant accounting policies

(a) Impairment of non-financial assets

At the end of each reporting period the Group assesses whether there is any evidence of an impairment indicator for non-financial assets. The assessment includes consideration of external and internal sources of information. Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated. Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss. Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(b) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

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

(c) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2023, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

3 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of the consolidated financial statements regarding assumptions about current and future events affecting transactions and balances. These estimates and judgements are reviewed on an ongoing basis and are based on the best information available at the time of preparing the financial statements, however, as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates - useful lives of depreciating assets

The Group estimates the useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated.

Key estimates - fair value of non-current assets

The Group measures land and buildings at fair value based on periodical (every three years) valuations by appropriately qualified valuers. The Group measure investments in shares at the quoted price for the shares on the Australian Stock Exchange at the reporting date.

Where fair value has not been able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - employee benefits provision

The Group estimates components of the calculation of the provision for employee entitlements including wage growth, CPI movements and the likelihood of employees reaching unconditional service. The timing of when employee benefit obligations are to be settled is also estimated.

Key judgments - deferred taxes

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognised on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset based on budgets, current and future expected economic conditions.

Key judgments - impairment

The Group assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

4 Revenue and other income

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding rebates and trade discounts. All revenue is stated net of the amount of goods and services tax (GST). The revenue recognition policies for the principal revenue streams of the Group are:

Rendering of services
The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees. Commission revenue is recognised when the right to receive the income has been established.

Interest, dividend and other income
Interest income is recognised on an accrual basis using the effective interest rate method. Dividend and other revenue is recognised when the right to the income has been established.

	Consolidated	
	2023	**2022**
	$	**$**
Revenue from contracts with customers		
Commission income	**1,758,950**	950,808
	1,758,950	950,808
Other income		
Dividends received	**10,645**	9,605
Interest received	**7,351**	582
Rental revenue	**21,508**	21,450
Other income	**20,028**	-
	59,532	31,637
	1,818,482	982,445

5 Operating expenses

Operating expenses
Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs
Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that it is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation
The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the assets useful life to the Group commencing from the time the asset is first held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

5 Operating expenses (continued)

The depreciation rates used for each class of depreciable asset are:

Buildings	2.5% straight line basis
Plant and equipment	30 - 67% diminishing value basis
Motor vehicles	25% diminishing value basis

Gains or losses on disposal of non-current assets
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. The gains and losses are recognised in profit or loss in the period in which the asset is disposed of. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

		Consolidated	
		2023	**2022**
		$	**$**
(a)	**Bad debts expenses and expected credit losses**		
	Bad debt expenses	**(49)**	(194)
		(49)	(194)
(b)	**Depreciation**		
	Plant and equipment	**(8,131)**	(3,256)
	Buildings and building improvements	**(25,430)**	(25,739)
		(33,561)	(28,995)
(c)	**Employment expenses**		
	Wages and salaries	**(263,668)**	(341,416)
	Superannuation contributions	**(29,327)**	(32,763)
	Labour hire	**(50,583)**	(8,114)
	Other employment expenses	**(30,433)**	(2,281)
		(374,011)	(384,574)

	Consolidated 2023 $	Consolidated 2022 $
6 Auditors' remuneration		
Remuneration of the auditor, CountPro Audit Pty Ltd, for:		
Audit and review the financial statements	**(6,150)**	(5,275)
	(6,150)	(5,275)
Remuneration of related entity, CountPro Pty Ltd, for:		
Accounting and other non-assurance services	**(10,600)**	(9,800)
	(10,600)	(9,800)
	(16,750)	(15,075)

Accounting and other non-assurance services include financial statement preparation and a range of accounting and taxation services. Phillip Brown, Director of CountPro Pty Ltd, is engaged to provide these services. No person involved in the provision of audit services is involved in the provision of non-assurance services to the Company.

7 Income tax expense

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit or taxable income.
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

7 Income tax expense (continued)

	Consolidated 2023 $	Consolidated 2022 $
(a) The major components of tax expense comprise:		
Current tax expense	**(229,229)**	(39,211)
Deferred tax benefit	**540**	(5,202)
	(228,689)	(44,413)

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax expense as follows:

	Consolidated 2023 $	Consolidated 2022 $
Prima facie tax on profit before income tax *	**(231,840)**	(47,439)
Tax effect of:		
Non-deductible expenses	**(271)**	(61)
Franking credits on dividend received	**3,422**	3,087
Income tax expense	**(228,689)**	(44,413)
Weighted average effective tax rate	**24.89 %**	24.47 %

* The parent entity and wholly owned subsidiary have different income tax rates. The income tax rate applicable to the parent entity is 25% (2022: 25%) and the wholly owned subsidiary is 30% (2022: 30%)

(c) Income tax relating to each component of other comprehensive income:

	2023 Before tax amount $	2023 Tax (expense) benefit $	2023 Net of tax amount $	2022 Before tax amount $	2022 Tax (expense) benefit $	2022 Net of tax amount $
Net loss on revaluation of financial assets	**(9,282)**	**2,320**	**(6,962)**	(25,907)	6,477	(19,430)
	(9,282)	**2,320**	**(6,962)**	(25,907)	6,477	(19,430)

7 Income tax expense (continued)

	Consolidated 2023 $	Consolidated 2022 $
(d) Current tax assets and (liabilities)		
Current tax relates to the following:		
Opening balance	**(3,460)**	3,014
Income tax paid	**33,453**	32,737
Current tax expense	**(229,229)**	(39,211)
Net current tax assets and (liabilities)	**(199,236)**	(3,460)
(e) Deferred tax assets and (liabilities)		
Deferred tax assets comprise:		
Accruals	**944**	868
Employee provisions	**12,237**	10,958
Asset revaluations - shares in listed companies	**6,230**	3,910
	19,411	15,736
Deferred tax liabilities comprise:		
Property, plant & equipment	**(12,557)**	(7,075)
Asset revaluations - land and buildings	**(130,880)**	(135,547)
	(143,437)	(142,622)
Net deferred tax assets and (liabilities)	**(124,026)**	(126,886)

8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

	Consolidated	
	2023	2022
	$	$
Operating accounts	**128,200**	99,217
Savings accounts	**820,953**	89,611
	949,153	188,828

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to items in the consolidated statement of financial position as follows:

	Consolidated	
	2023	2022
	$	$
Cash and cash equivalents	**949,153**	188,828
Balance as per consolidated statement of cash flows	**949,153**	188,828

9 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less any provision for expected credit losses. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate provision for expected credit losses account with the loss being recognised in profit or loss. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however, assessment is made on a case-by-case basis.

9 Trade and other receivables (continued)

	Consolidated 2023 $	Consolidated 2022 $
Current		
Trade receivables	**172,519**	102,223
Accrued income	**450**	-
Other receivables	**1**	106
	172,970	102,329

Credit Risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the Group's income.

The following table details the Group's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided thereon. Amounts are considered as 'past due' when the debt has not been settled within the terms and conditions agreed between the Group and the customer or counterparty to the transaction. Receivables which are past due are assessed for impairment by ascertaining the solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Group.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

Consolidated	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
30 June 2023	**$**	**$**	**$**	**$**	**$**
Trade receivables	**172,519**	**-**	**-**	**-**	**172,519**
Accrued income	**450**	**-**	**-**	**-**	**450**
Other receivables	**1**	**-**	**-**	**-**	**1**
	172,970	**-**	**-**	**-**	**172,970**

Consolidated	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
30 June 2022	**$**	**$**	**$**	**$**	**$**
Trade receivables	102,223	-	-	-	102,223
Other receivables	106	-	-	-	106
	102,329	-	-	-	102,329

10 Financial Assets

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification
On initial recognition, the Group classifies its financial assets into the following categories, those measured at:
- amortised cost
- fair value through other comprehensive income (FVOCI)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost
Assets measured at amortised cost are financial assets where:
- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income
The Group has an investment in a listed entity over which are they do not have significant influence or control. The Group has made an irrevocable election to classify the equity investments as fair value through other comprehensive income as they are not held for trading purposes.

This investment is carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income.

Impairment of financial assets
Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

10 Financial Assets (continued)

	Consolidated 2023 $	2022 $
Financial assets - at amortised cost		
Term deposits	**19,911**	19,852
	19,911	19,852
Financial assets - FVOCI		
Shares in listed companies at fair value	**172,565**	171,196
	172,565	171,196
	192,476	191,048

The term deposit was reinvested during the year for a term of 12 months.

11 Intangible assets

Intangible assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

	Consolidated 2023 $	2022 $
Franchise fees		
At cost	**134,117**	134,117
Accumulated amortisation	**(82,725)**	(69,552)
	51,392	64,565

12 Property, plant and equipment

Property

Land and buildings are carried at their fair value, based on periodic, but at least triennial, valuations by external independent valuers, less accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are recognised against revaluation reserve directly in equity and all other decreases are recognised through profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

12 Property, plant and equipment (continued)

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of the assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows are discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

	Consolidated	
	2023	**2022**
	$	**$**
Land and buildings		
At fair value *	**900,000**	900,000
Less accumulated depreciation	**(39,500)**	(19,751)
	860,500	880,249
Building improvements		
At cost	**190,715**	190,715
Less accumulated depreciation	**(81,257)**	(75,576)
	109,458	115,139
Furniture, fixtures and fittings		
At cost	**59,439**	42,044
Less accumulated depreciation	**(15,072)**	(21,066)
	44,367	20,978
Total property, plant and equipment	**1,014,325**	1,016,366

* The land and buildings comprise one property owned by the subsidiary which is held for use by the Group in the business operations. The land and buildings are measured at fair value based on an independent valuation carried out by WBP Group Pty Ltd dated 27 April 2021. The directors have assessed that the carrying value of the land and buildings at 30 June 2023 is not materially different to the fair value of the land and buildings.

12 Property, plant and equipment (continued)

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

Consolidated	Land and buildings $	Building improvements $	Furniture, fixtures and fittings $	Total $
30 June 2023				
Balance at the beginning of year	**880,249**	**115,139**	**20,978**	**1,016,366**
Additions	**-**	**-**	**32,289**	**32,289**
Disposals	**-**	**-**	**(769)**	**(769)**
Depreciation expense	**(19,749)**	**(5,681)**	**(8,131)**	**(33,561)**
Balance at the end of the year	**860,500**	**109,458**	**44,367**	**1,014,325**

Consolidated	Land and buildings $	Building improvements $	Furniture, fixtures and fittings $	Total $
30 June 2022				
Balance at the beginning of year	900,000	121,128	4,514	1,025,642
Additions	-	-	19,747	19,747
Disposals	-	-	(28)	(28)
Depreciation expense	(19,751)	(5,989)	(3,255)	(28,995)
Balance at the end of the year	880,249	115,139	20,978	1,016,366

13 Investment properties

Investment property comprises land and buildings which are held to generate long term capital gains and long term rental yields. All tenant leases are on an arms length basis. Investment properties are measured at fair value as determined by the Directors based on periodic, but ordinarily triennial, independent valuations by appropriately qualified property valuers. Changes to fair value are recorded in profit or loss.

	Consolidated	
	2023	**2022**
	$	**$**
Investment property		
At fair value *	**956,668**	956,668
	956,668	956,668

* The investment property is measured at fair value based on the amount paid by the subsidiary to acquire the investment property. The directors have assessed that the carrying value of the investment property at 30 June 2023 is not materially different to the fair value of the investment property.

(a) Movements in carrying amounts of investment properties

	Consolidated	
	2023	**2022**
	$	**$**
Balance at the beginning of the year	**956,668**	955,018
Additions	**-**	1,650
Balance at the end of the year	**956,668**	956,668

14 Financial liabilities

Financial liabilities include trade payables, other payables, loans from third parties and loans from or other amounts due to related parties. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

(a) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with majority of the amounts normally paid within 30 days of recognition of the liability.

	Consolidated	
	2023	**2022**
	$	**$**
Current		
Trade payables	**(30,860)**	(11,022)
Accrued expenses	**(3,750)**	(3,450)
Credit cards	**1,144**	(286)
Dividend creditor	**(2,750)**	(2,200)
Franchise fee creditor	**(14,611)**	(14,611)
GST payable	**(32,669)**	(19,240)
PAYG withholding	**(3,466)**	(3,196)
Superannuation payable	**(25)**	(25)
	(86,987)	(54,030)
Non current		
Franchise fee creditor	**(29,222)**	(58,445)
	(29,222)	(58,445)
	(116,209)	(112,475)

15 Fair value measurement

The Group measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis depending on the requirements of the applicable Accounting Standards.

Fair value is the price the Group would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is obtained from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The Group measures the following assets and liabilities at fair value on a recurring basis:

- Shares in listed companies
- Land and buildings
- Investment property

(a) Fair value hierarchy

AASB 13 *Fair Value Measurement* requires all assets and liabilities measured at fair value to be assigned to a level in the fair value hierarchy as follows:

Level 1 Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 Unobservable inputs for the asset or liability.

15 Fair value measurement (continued)

(a) Fair value hierarchy (continued)

The table below shows the assigned level for each asset and liability held at fair value by the Group:

Consolidated 30 June 2023		**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements					
Shares in listed companies	10	**172,565**	**-**	**-**	**172,565**
Land and buildings	12	**-**	**860,500**	**-**	**860,500**
Investment property	13	**-**	**956,668**	**-**	**956,668**
		172,565	**1,817,168**	**-**	**1,989,733**

Consolidated 30 June 2022		**Level 1 $**	**Level 2 $**	**Level 3 $**	**Total $**
Recurring fair value measurements					
Shares in listed companies	10	171,196	-	-	171,196
Land and buildings	12	-	880,249	-	880,249
Investment property	13	-	956,668	-	956,668
		171,196	1,836,917	-	2,008,113

Level 1 measurements

The revaluation of financial assets at FVOCI under Level 1 relate to investments in listed entities and are based on the quoted price for the investments on the Australian Stock Exchange at the reporting date.

Level 2 measurements

The revaluation of freehold land and buildings and investment property to their fair value is determined by the Directors each year based on independent valuations undertaken by an independent qualified valuer at least every three years and taking into consideration current market conditions and recent observable market data.

Transfers between levels of the hierarchy

There were no transfers between levels of the fair value hierarchy.

Highest and best use

The current use of each asset measured at fair value is considered to be its highest and best use.

15 Fair value measurement (continued)

(b) Valuation techniques and input measures used to measure Level 2 fair values

The Group selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- *Income approac*h: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available are developed using the best information available about such assumptions and are considered unobservable.

		Consolidated	
Description	**Fair value at 30 June 2023 $**	**Description and valuation techniques**	**Inputs used**
Land and buildings	860,500	Market approach	Independent valuation by qualified valuer less accumulated depreciation
Investment property	956,668	Market approach	Arms length contract of purchase

There were no changes during the period in the valuation techniques used by the Group to determine Level 2 fair values.

16 Employee benefits

Short term employee benefits

Provision is made for the Group's liability for short term employee benefits. Short term employee benefits are arising (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short term employee benefits are measured at the amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefits are presented as payables.

Other long term employee benefits

Provision is made for employees long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long term employee benefits are presented as non-current provisions in its statement of financial position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

	Consolidated	
	2023	**2022**
	$	**$**
Current liabilities		
Provision for employee benefits	**(48,948)**	(39,863)
	(48,948)	(39,863)
Non-current liabilities		
Provision for employee benefits	**-**	(3,971)
	-	(3,971)
	(48,948)	(43,834)

17 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

Ordinary shares participate in dividends and the proceeds on winding up of the Group in proportion to the number of shares held. At a shareholders meeting each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Group does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Group's residual assets.

	Consolidated	
	2023	**2022**
	$	**$**
Ordinary fully paid shares	**676,459**	676,459
Less return of capital	**(33,823)**	(33,823)
Less equity raising costs	**(24,272)**	(24,272)
	618,364	618,364

	Consolidated	
	2023	**2022**
	No.	**No.**
Movements in share capital		
Ordinary fully paid shares		
At the beginning of the reporting period	**676,459**	676,459
Shares issued during the year	**-**	-
At the end of the reporting period	**676,459**	676,459

Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends to shareholders. Capital is represented by total equity as recorded in the Statement of Financial Position.

In accordance with the franchise agreement and subject to the amount permitted to be distributed under the *Corporations Act 2001*, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit. The distribution limit is the greater of:
(a) 20% of the sum of the profit before tax for the financial year plus any accumulated profit from previous financial years plus any community contributions made during the year, and
(b) the Relevant Rate of Return (being the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%) multiplied by the value of share capital at the end of the financial year.

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 Group is such that amounts will be paid in the form of charitable donations and sponsorships. Charitable donations and sponsorship paid can be seen in the Statement of Profit or Loss and Other Comprehensive Income'.

There has been no change to the Group's approach to capital management during the year.

18 Retained earnings

	Consolidated 2023 $	2022 $
Balance at the beginning of the reporting period	**1,299,346**	1,216,350
Profit after income tax	**690,024**	137,113
Dividends paid	**(67,646)**	(54,117)
	1,921,724	1,299,346

19 Dividends

	Consolidated 2023 $	2022 $
Dividends paid or provided for:		
Fully franked ordinary dividend of 10 cents per share (2022: 8 cents per share) paid during the year	**(67,646)**	(54,117)
	(67,646)	(54,117)

Franked dividends declared or paid during the year were franked at the tax rate of 25% (2022: 25%).

20 Reserves

The reserves include unrealised gains or losses on Land and buildings and Financial assets arising from their revaluation to fair value. Movements in the revaluation reserves are recorded in other comprehensive income.

	Consolidated 2023 $	2022 $
Land and building revaluation reserve		
Balance at the beginning of the reporting period	**327,168**	327,168
	327,168	327,168
Financial asset revaluation reserve		
Balance at the beginning of the reporting period	**(11,729)**	7,701
Fair value movements during the period	**(6,962)**	(19,430)
	(18,691)	(11,729)
	308,477	315,439

21 Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

	2023	2022
Basic earnings per share (cents)	**102.01**	20.26
Earnings used in calculating basic earnings per share (dollars)	**690,024**	137,113
Weighted average number of ordinary shares used in calculating basic earnings per share (number)	**676,459**	676,459

22 Financial risk management

The Group is exposed to a variety of financial risks through its use of financial instruments. The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets. The most significant financial risks to which the Group is exposed to are described below:

Specific risks
- Liquidity risk
- Credit risk
- Market risk

Financial instruments
The principal categories of financial instrument used by the Group are:
- Cash at bank
- Trade receivables
- Investments in listed shares
- Trade and other payables
- Loans from related parties

	Consolidated	
	2023	2022
	$	$
Financial assets		
Cash and cash equivalents	**949,153**	188,828
Trade and other receivables	**172,970**	102,329
Financial Assets	**192,476**	191,048
Total financial assets	**1,314,599**	482,205
Financial liabilities		
Trade and other payables	**(116,209)**	(112,475)
Total financial liabilities	**(116,209)**	(112,475)

22 Financial risk management (continued)

Objectives, policies and processes

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk, liquidity risk and credit risk. The Board has established an Audit and finance committee which reports regularly to the Board. The Audit and finance committee is assisted in the area of risk by an internal audit function.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group has a concentration of credit risk as a result of the financial dependency on Bendigo and Adelaide Bank Limited with virtually all of the company's bank deposits trade receivables and financial assets being with the Bendigo and Adelaide Bank Limited. The group's exposure to credit risk is limited to Australia by geographic area.

The group does not have any financial assets that are past due (2022: nil past due) and, based on historic performance, the group believes that no impairment charge is necessary in respect of financial assets.

The credit risk for trade receivables, liquid funds and other short-term financial asset is considered negligible, since the principle counterparty, Bendigo and Adelaide Bank Limited, are a reputable bank with high quality external credit ratings.

(b) Liquidity risk

Liquidity risk arises from the Group's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities as and when they fall due. The Group maintains cash and marketable securities to meet its liquidity requirements. Funding for long-term liquidity needs is additionally secured by an ability to sell long-term financial assets.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash-outflows due in day-to-day business.

22 Financial risk management (continued)

(b) Liquidity risk (continued)

At the reporting date, the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to draw down any financing facilities.

The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward. The amounts disclosed in the table are the undiscounted contracted cash flows and therefore the balances in the table may not equal the balances in the consolidated statement of financial position due to the effect of discounting.

	Weighted average effective interest rate 2023 %	Weighted average effective interest rate 2022 %	Within 1 year 2023 $	Within 1 year 2022 $	Total 2023 $	Total 2022 $
Financial Assets						
Cash and cash equivalents	-	-	**949,153**	188,828	**949,153**	188,828
Trade and other receivables	-	-	**172,970**	102,329	**172,970**	102,329
Financial assets	3	1	**192,476**	191,048	**192,476**	191,048
			1,314,599	482,205	**1,314,599**	482,205
Financial Liabilities						
Trade and other payables	-	-	**(86,987)**	(54,030)	**(116,209)**	(112,475)
			1,227,612	**428,175**	**1,198,390**	**369,730**

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the Group to interest rate risk are borrowings, fixed interest securities and cash and cash equivalents.

22 Financial risk management (continued)

Sensitivity analysis

The following table illustrates the sensitivity to the Group's exposures to changes in interest rates and equity prices. The table indicates how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

The sensitivities assume that the movement in a particular variable is independent of other variables.

	Consolidated	
	2023	**2022**
	$	**$**
Change in profit after tax		
+1% in interest rates	**1,111**	893
-1% in interest rates	**(1,111)**	(893)
Change in equity		
+1% in interest rates	**1,111**	893
-1% in interest rates	**(1,111)**	(893)

(d) Fair value estimates

The directors estimates of the fair value of financial assets and liabilities are presented in the following table and compared to their carrying amounts as presented in the Statement of Financial Position. Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied to the market since their initial recognition by the company.

	Carrying amount	Fair Value	Carrying amount	Fair value
	2023	**2023**	**2022**	**2022**
	$	**$**	**$**	**$**
Financial Assets				
Cash and cash equivalents *	**949,153**	**949,153**	188,828	188,828
Trade and other receivables *	**172,970**	**172,970**	102,329	102,329
Financial assets	**192,476**	**192,476**	191,048	191,048
	1,314,599	**1,314,599**	482,205	482,205
Financial liabilities				
Trade and other payables *	**(116,209)**	**(116,209)**	(112,475)	(112,475)
	(116,209)	**(116,209)**	(112,475)	(112,475)

* Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

23 Statutory information

The registered office and principal place of business of the company is:

Creswick & District Financial Services Ltd
1 Raglan Street
Creswick Victoria 3363

24 Parent entity

The following information has been extracted from the books and records of the parent, Creswick & District Financial Services Ltd and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Creswick & District Financial Services Ltd has been prepared on the same basis as the consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2023	2022
	$	$
Statement of Financial Position		
Assets		
Current assets	**1,292,722**	469,866
Non-current assets	**1,406,441**	1,440,685
Total Assets	**2,699,163**	1,910,551
Liabilities		
Current liabilities	**(328,955)**	(92,306)
Non-current liabilities	**(29,222)**	(62,416)
Total Liabilities	**(358,177)**	(154,722)
	2,340,986	1,755,829
Equity		
Issued capital	**618,364**	618,364
Retained earnings	**1,741,312**	1,149,194
Financial asset revaluation reserve	**(18,690)**	(11,729)
Total Equity	**2,340,986**	1,755,829
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year, after tax	**659,764**	108,303
Other comprehensive income	**(6,962)**	(19,430)
Total comprehensive income	**652,802**	88,873

25 Controlled entities

	Country of incorporation	Percentage owned (%)* 2023	Percentage owned (%)* 2022
Parent entity:			
Creswick & District Financial Services Ltd	Australia		
Subsidiaries:			
Creswick Community Property Group Pty Ltd	Australia	**100**	100

*The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

26 Operating segments

The Group operates in the financial services sector where it provides banking services to its clients. The Group operates in one geographic area being Creswick, Victoria and the surrounding district. The Group has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for the majority of the revenue earned by the Group.

27 Events occurring after the reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

28 Contingencies

In the opinion of the Directors, the Group did not have any contingent assets or liabilities at 30 June 2023 (30 June 2022: none).

29 Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that entity is considered key management personnel.

Short term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

29 Key management personnel and related party disclosures (continued)

Post employment benefits

These amounts are the current year's estimated cost of providing the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post employment life insurance benefits.

Other long term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits as measured by the fair value of the options, rights and shares granted on grant date.

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their close family members.

(c) Key management personnel shareholdings

The number of ordinary shares in Creswick & District Financial Services Ltd held by each person who was considered to be key management personnel during the year, and their related parties, in the Group is as follows:

	2023 No.	2022 No.
Marcus Walsh	501	501
Daryl Clifton	1,000	1,000
Janine Booth	6,001	6,001
Michael Beaumont	19,600	16,600
Wendy McFarlane	-	-
Graeme Mitchell	13,501	13,501
Ian Smith	100	100
Jeff Unmack	10,000	10,000
Gayle Wrigley*	7,500	7,500
	58,203	55,203

Each share held has a paid up value of $1 and is fully paid.

*shares already owned at the beginning of the year prior to appointment as a director.

29 Key management personnel and related party disclosures (continued)

(d) Loans from related parties

During the prior year the Group received a loan from a Director as finance for the purchase of the investment property. The loan was repaid in full on 15 December 2021 and interest was charged on the loan at an interest rate of 3% per annum.

	Opening balance	Closing balance	Interest not charged	Interest paid	Impairment
	$	$	$	$	$
Loans from directors					
2023	**-**	**-**	**-**	**-**	**-**
2022	150,185	-	-	1,376	-

(e) Other key management transactions

There have been no other transactions involving related parties other than those described above.

30 Cash flow information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	Consolidated	
	2023	**2022**
	$	**$**
Profit for the year	**690,024**	137,113
Non-cash flows in profit:		
- depreciation	**33,561**	28,995
- amortisation	**13,173**	1,849
- net loss on disposal of assets	**769**	28
- reinvestment of term deposit interest	**(59)**	(158)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	**(70,641)**	(16,518)
- (increase)/decrease in investments	**(10,650)**	(9,605)
- increase/(decrease) in trade and other payables	**(11,122)**	(21,308)
- (increase)/decrease in capitalised interest	**-**	(185)
- increase/(decrease) in income taxes payable	**195,776**	6,474
- increase/(decrease) in deferred tax liability	**(540)**	5,203
- increase/(decrease) in provisions	**5,114**	(24,566)
Cashflows from operations	**845,405**	107,322

Directors' Statement

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2023 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    b. give a true and fair view of the financial position and performance of the consolidated group;

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Director .... Marcus Walsh

Director .... Daryl Clifton

Dated: 29 August 2023

Creswick & District Financial Services Ltd

Independent Auditors' Report to the members of Creswick & District Financial Services Ltd

Opinion

We have audited the financial report of Creswick & District Financial Services Ltd (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' statement.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year ended; 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 Group 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 Group or to cease operations, or have no realistic alternative but to do so.

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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

Creswick & District Financial Services Ltd

Independent Auditors' Report to the members of Creswick & District Financial Services Ltd

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 Group'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 Group'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 Group 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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

CountPro Audit Pty Ltd
....
CountPro Audit Pty Ltd

....
Jason Hargreaves
Director

180 Eleanor Drive, Lucas

Dated: 7 September 2023

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Community Bank Creswick & District

Bendigo Bank