Annual Report 2023

Dancoor Community Finances Limited

Community Bank
Jurien Bay

ABN 32 121 053 129

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Chairperson's report

For year ending 30 June 2023

I am pleased to provide my Chairman's report for the Dancoor Community Finances Limited Annual Report for the 2022-23 financial year. Bendigo and Adelaide Bank Limited is consistently ranked as one of Australia's most trusted brands and the top-rated Bank for customer experience. Bendigo and Adelaide Bank were in 2022 ranked by Roy Morgan Most Satisfied Home Loan Customers. Our Community Bank continues to attract new customers and focuses on investment in growth. Our local Community Bank Jurien Bay continues to attract additional customers and has continued to grow the business throughout the 2022-23 year, increasing customer numbers by 5.9%. Over the last year, the branch team have also grown the deposit book by over 28%. This has ensured the branch team are helping even more customers save and plan for their future whilst establishing a solid base for shareholder returns. The growth has again exceeded the Company's expectations with new accounts being opened and total business within the branch has almost reached the $90 million milestone. This is an increase of 11% from June 2022.

As an integral part of our plan, Rural Bank accreditation has allowed us to add a portfolio of loans to farmers across our region, adding to income achieved from all existing operations. In FY22 we grew the Rural Bank book by 22%. We have a very strong focus in this area going forward and having reaffirmed our Rural Bank accreditation in September 2023. We have some strong opportunities for growth in this area throughout 2023-24. We are currently working through our new three-year Business Development Plan, and this will be updated and available by the time of the AGM in November. The Company has continued providing donations, sponsorships, and grants to a range of sporting and community groups throughout our branch area. This is very satisfying, but we know that if we grow, we can do so much more. These figures are very satisfying, and we thank our shareholders, our customers and the wider Jurien Bay, Dandaragan, and Coorow region for providing such continuing strong support. Along with the rest of the Board, I would again like to extend an official welcome to new Branch Manager Cathy Johnston, Cathy is a local to Jurien Bay and this has proved to be an invaluable asset as she is familiar with the area, its residents, and the banking needs of the community.

We are very happy with how Cathy is performing and have received very positive feedback. We have had some changes to the branch operations staff, but as a team they have come together to ensure a seamless transition and impeccable service proposition to our customers. Cathy has hit the ground running and taken exemplary care of the branch, the team, customer portfolios and staff changes. In Cathy's time here she and her team have continued to act in the best interests of our customers and our community.

So welcome Cathy and well done thus far.

Special thanks to the branch staff who have stepped up and helped navigate the changes and improvements to ensure little disruption to day-to-day running of the branch and service delivery. I would also like to thank numerous staff at Bendigo and Adelaide Bank who continue to work with us and support us as we work through our Business Plan and continue to grow our book and cement our future. As Directors we continue to take our responsibilities seriously through the ongoing review of our corporate governance practices. The Board has continued to develop long term strategies for business growth and the fulfilment of our charter with some exciting community partnerships. We continue to remain confident in the long-term future and growth prospects of the branch and look forward to the continued support of the shareholders and the greater community.

In conclusion, this will be my last Chairman's report.

I will be stepping down as Chairperson and as a Director effective post Annual General Meeting 2023.

I wish the branch and the Company continued success and my best wishes for the future.

Yours sincerely

Mr Peter House
Chairperson

Manager's report

For year ending 30 June 2023

As the newly appointed Branch Manager for Community Bank Jurien Bay, I am pleased to present my first annual report of Dancoor Community Finances Limited for the 2022-23 financial year.

Despite numerous challenges during this period the branch continued to retain a stable deposit and positive lending growth. Our close working relationship with all departments of Bendigo and Adelaide Bank have helped us achieve steady growth of our book, with great support received from our community partners, shareholders, Board of Directors and staff.

As a result of continued profits, we are pleased to announce that Dancoor Community Finances Limited, has been able to pay a Return of Capital to shareholders and contributed $17,600 to community groups with the region via community grants, sponsorships and donations. It is through providing a wide range of products such as lending, insurance, agribusiness and wealth solutions, that profit is able to make these achievements and significant contributions back to the local community.

Community Bank Jurien Bay has a strong, dynamic and positive team that continually strive to meet the needs and goals of our customers, our community and businesses alike and we look forward to presenting tailored solutions for all banking requirements into the future.

Shareholders and the wider community can help to support the continued return of capital and community group contributions through advocating our Community Bank. Introducing family or friends, businesses, or community groups, and switching daily banking will make a difference that assists growth and correspondingly is important to our community. This is especially applicable with challenges such as pressures from high inflation, high interest rates and tighter financial conditions expected to limit growth over the coming year.

The new financial year will herald some changes within the branch as we undergo an upgrade to the branch and re-branding to align with Bendigo Bank's new branding. As part of this process the branch has officially changed to Community Bank Jurien Bay to better reflect our geographical location. As the year progresses customers are sure to notice a fresher and more modern branch, we look forward to improving the aesthetics externally and internally.

I would like to take this opportunity to thank the Board of Directors and the Board Secretary Sharon Young for ongoing support over the past year. Their efforts often go unrecognised, but they are pillars for our community and our contributions back to our local stakeholders would not be possible without their ongoing professionalism and support. I look forward to building on our strong partnerships in the years to come.

To our Dancoor Community Finances Limited community and shareholders, I thank you for your continued support and promotion of our brand, without which we would not be able to support so many local organisations.

Dancoor Community Finances Limited and our Community Bank Jurien Bay branch team wish all our customers, community members, shareholders and Directors the very best for the next 12 months and we encourage you to contact the branch to learn more about our products and how our team can support you to achieve your financial goals.

Cathy Johnston
Branch Manager

Directors' report

30 June 2023

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

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

Name:	Peter John Edwin House
Title:	Non-executive director
Experience and expertise:	With over 20 years of experience in supervisory roles, Peter is adept in the management of people, scheduled performances and materials. Moreover, whilst his experience as a Café Manager and Retail Sales Manager afforded him a well-rounded skill set, including first rate organisational and communication skills. He also exceeds in managing large teams of trades while ensuring safety, budget and time constraints are met without compromising quality. In his previous roles at Caltex, he has managed and led 6 direct reports who reported on franchise performances including sales and profit, acquisition and assets, safety and staff performance. At times he was required to provide effective supervision to about 1,250 indirect reports. He has the ability to motivate staff, nurture a culture of teamwork, teach others to remain calm under pressure and have superb decision making capabilities. He also has experience in managing underperforming staff and undertaking disciplinary procedures when required.
Special responsibilities:	Chair, Audit and Finance Committee

Name:	Keiran Ashley Sullivan
Title:	Non-executive director
Experience and expertise:	Keiran is a Director and Partner of RSM Australia Pty Ltd which is currently the 6th largest global audit, tax and consulting network. He is a Chartered Accountant and member of ICAANZ. He is also a Chartered Tax Advisor and member of the Tax Institute of Australia. He has over 20 years of accounting, tax and advisory experience and holds a Bachelor of Business degree from Edith Cowan University. Keiran is also involved in local not for profit and sporting groups.
Special responsibilities:	Treasurer, Audit and Finance Committee

Name:	Robert William Shanhun
Title:	Non-executive director
Experience and expertise:	Past & present occupations: Twenty two years working for a number of Local Government Authorities within the finance, administration and community development sectors. Eight years working for the State Government of Western Australia with the Department of Indigenous Affairs – Principal Policy and Projects Officer; and Department of Lands – Manager Native Title Office; and Business Manager. Involvement in community groups: I am currently an elected member on the Council of the Shire of Dandaragan; an active member of the Jurien Bay Community Men's Shed and playing member and Secretary of the Cervantes Bowling Club. Formerly involved with Jurien Bay Lions Club; Albany Volunteer Resource Centre – Chairman; Albany Youth Support Association – Chairman; Albany Boating & Offshore Fishing Club – President. Over 40 years involvement with various other community and sporting groups. Tertiary qualifications: Diploma - Community Welfare Work; Diploma - Community Services Management; Advanced Diploma - Business Management; Diploma – Remedial Massage. Employment skills: Trained as a workplace trainer and facilitator, with skills in project management; policy development; and risk management.
Special responsibilities:	Deputy Chair; Sponsorship Committee.

Name:	Alison Margaret Cooke
Title:	Non-executive director
Experience and expertise:	Tertiary qualifications - Bachelor of Business (Horticulture) with 30 years experience working in SME. This includes working in journalism for trade papers in WA and the UK. Partner in mixed farming enterprise at Badgingarra. Mother of two with a strong commitment to local community and sporting groups. Longstanding involvement with Badgingarra P & C including President & Secretary. Previously served on the state reference group for Partners in Grain (WA).
Special responsibilities:	Nil

Name:	Nathaniel Joseph O'Hare
Title:	Non-executive director
Experience and expertise:	Director of Prosper Agri Management (2016 - Present). Farm Management & Investment Advisory. Farmers Grains Councillor (2017 - Present). Associate Degree in Agribusiness Curtin University 2004.
Special responsibilities:	Audit and Finance Committee

Name:	Bronwyn Rachael Fox
Title:	Non-executive director
Experience and expertise:	Bronwyn has worked in the agriculture sector with not for profit groups for many years. Bronwyn has experience in building not for profits to become sustainable organisations as well as promoting their brand across the industry. Bronwyn has also gained experience in Strategy with a focus on Environmental Social Governance when in board positions. Bronwyn is also a partner in the family farm business, I&D Fox. The farming property is located in the Dandaragan area and Bronwyn is a very active community member, having held roles in many groups since moving the area in 2003. Bronwyn holds a Masters in Business Administration from UWA as well as a Bachelor of Science degree from Murdoch University.
Special responsibilities:	Nil

Company secretary
The company secretary is Sharon Diane Young. Sharon was appointed to the position of company secretary on 22 November 2019.

Experience and expertise:	Over the past 30 years Sharon has had numerous and varied roles in a wide range of industries including serving as a member of the RAAF. Sharon has had extensive experience in administrative roles from leaving school as a Junior Secretary within the earthmoving equipment industry, from there she moved into Executive Secretary roles for the Hyatt Regency Hotel, HR Department and Executive Secretary for the Printing & Allied Trades Employers Federation of Australia (P.A.T.E.F.A). Sharon has ventured into the Banking industry working as a customer service officer for Bankwest. Sharon is currently employed by Bendigo Bank as a Customer Service Officer and is a Board Support Officer of Dancoor CFL effective 30 April 2018.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $292,073 (30 June 2022: $45,258).

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

Significant changes in the state of affairs
During the period the company made the decision in consultation with Bendigo Bank to close the Coorow Agency.

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

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

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

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

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

	Board	
	Eligible	Attended
Peter John Edwin House	11	10
Keiran Ashley Sullivan	11	9
Robert William Shanhun	11	7
Alison Margaret Cooke	11	9
Nathaniel Joseph O'Hare	11	3
Bronwyn Rachael Fox	11	7

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

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

	Balance at the start of the year	Changes	Balance at the end of the year
Peter John Edwin House	-	-	-
Keiran Ashley Sullivan	1,000	10,000	11,000
Robert William Shanhun	-	-	-
Alison Margaret Cooke	-	-	-
Nathaniel Joseph O'Hare	-	-	-
Bronwyn Rachael Fox	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

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

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

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

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

On behalf of the directors

Peter John Edwin House
Chair

25 August 2023

Auditor’s independence declaration

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

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Dancoor Community Finances Limited

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

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

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

Joshua Griffin
Lead Auditor

Financial statements

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

	Note	2023 $	2022 $
Revenue from contracts with customers	6	776,403	445,283
Other revenue	7	73,392	62,128
Finance revenue		1,558	8
Total revenue		851,353	507,419
Employee benefits expense	8	(264,881)	(255,642)
Advertising and marketing costs		(2,554)	(11,471)
Occupancy and associated costs		(35,345)	(19,022)
System costs		(15,605)	(17,230)
Depreciation and amortisation expense	8	(43,556)	(43,274)
Finance costs		(5,141)	(3,081)
General administration expenses		(74,176)	(75,748)
Total expenses before community contributions and income tax		(441,258)	(425,468)
Profit before community contributions and income tax expense		410,095	81,951
Charitable donations, sponsorships and grants expense	8	(20,604)	(21,233)
Profit before income tax expense		389,491	60,718
Income tax expense	9	(97,418)	(15,460)
Profit after income tax expense for the year	19	292,073	45,258
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		292,073	45,258
		Cents	**Cents**
Basic earnings per share	26	19.37	3.00
Diluted earnings per share	26	19.37	3.00

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

Dancoor Community Finances Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	444,974	98,842
Trade and other receivables	11	79,582	49,967
Total current assets		524,556	148,809
Non-current assets			
Property, plant and equipment	12	10,531	10,098
Right-of-use assets	13	89,824	113,778
Intangible assets	14	48,747	61,746
Deferred tax assets	9	263,551	360,969
Total non-current assets		412,653	546,591
Total assets		937,209	695,400
Liabilities			
Current liabilities			
Trade and other payables	15	65,740	44,556
Lease liabilities	16	18,701	17,770
Employee benefits	17	27,422	22,986
Total current liabilities		111,863	85,312
Non-current liabilities			
Trade and other payables	15	29,001	58,003
Lease liabilities	16	71,316	95,237
Employee benefits	17	2,364	4,197
Lease make good provision		13,200	12,647
Total non-current liabilities		115,881	170,084
Total liabilities		227,744	255,396
Net assets		709,465	440,004
Equity			
Issued capital	18	1,556,208	1,578,820
Accumulated losses	19	(846,743)	(1,138,816)
Total equity		709,465	440,004

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

Dancoor Community Finances Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		1,578,820	(1,184,074)	394,746
Profit after income tax expense		-	45,258	45,258
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	45,258	45,258
Balance at 30 June 2022		1,578,820	(1,138,816)	440,004

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		1,578,820	(1,138,816)	440,004
Profit after income tax expense		-	292,073	292,073
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	292,073	292,073
Transactions with owners in their capacity as owners:				
Return of capital	18	(22,612)	-	(22,612)
Balance at 30 June 2023		1,556,208	(846,743)	709,465

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

Dancoor Community Finances Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		905,730	566,557
Payments to suppliers and employees (inclusive of GST)		(477,216)	(449,060)
Interest received		1,210	-
Net cash provided by operating activities	25	429,724	117,497
Cash flows from investing activities			
Payments for property, plant and equipment		(7,036)	(2,453)
Payments for intangible assets		(26,366)	(6,993)
Net cash used in investing activities		(33,402)	(9,446)
Cash flows from financing activities			
Payments for return of capital	18	(22,612)	-
Repayment of lease liabilities	16	(27,578)	(44,004)
Net cash used in financing activities		(50,190)	(44,004)
Net increase in cash and cash equivalents		346,132	64,047
Cash and cash equivalents at the beginning of the financial year		98,842	34,795
Cash and cash equivalents at the end of the financial year	10	444,974	98,842

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 11 Sandpiper Street, Jurien Bay WA 6516.

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

Note 2. Basis of preparation and statement of compliance

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

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

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

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	643,428	312,895
Fee income	26,969	28,779
Commission income	106,006	103,609
	776,403	445,283

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2023 $	**2022 $**
Market development fund	25,000	30,000
Department of transport income	48,392	32,128
	73,392	62,128

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

Note 7. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Department of Transport	The company recognises income from the Department of Transport monthly once services are provided.

All revenue is stated net of the amount of GST.

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

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

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

Department of transport income
The amounts disclosed are for commission payments for being an authorised licensing services provider for the Department of Transport WA. Commission is received for every transaction for the Department of Transport the company processes as well as commission on testing services provided.

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	205,072	192,951
Superannuation contributions	20,748	20,221
Expenses related to long service leave	13	(98)
Other expenses	39,048	42,568
	264,881	255,642

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	5,198	6,694
Expenses relating to short-term leases	11,905	-
	17,103	6,694

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

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

Note 8. Expenses (continued)

The company leased a unit during the period. The lease agreement is for a period of less than 12 months and has been assessed as short term and exempted from recognition under *AASB 16 Leases.* Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Plant and equipment	824	1,158
Computer equipment	491	167
Motor vehicles	5,288	4,407
	6,603	5,732
Depreciation of right-of-use assets		
Leased land and buildings	23,954	23,338
Leased motor vehicles	-	881
	23,954	24,219
Amortisation of intangible assets		
Franchise fee	2,166	2,220
Franchise renewal fee	10,833	11,103
	12,999	13,323
	43,556	43,274

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	20,604	21,233

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Movement in deferred tax	(834)	3,869
Recoupment of prior year tax losses	98,252	11,591
Aggregate income tax expense	97,418	15,460
Prima facie income tax reconciliation		
Profit before income tax expense	389,491	60,718
Tax at the statutory tax rate of 25%	97,373	15,180
Tax effect of:		
Non-deductible expenses	45	-
Non-assessable income	-	280
Income tax expense	97,418	15,460

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	254,676	352,928
Property, plant and equipment	(2,633)	(2,525)
Employee benefits	7,447	6,796
Provision for lease make good	3,300	3,162
Accrued expenses	800	800
Income accruals	(87)	-
Lease liabilities	22,504	28,252
Right-of-use assets	(22,456)	(28,444)
Deferred tax asset	263,551	360,969

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

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

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

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

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

Note 9. Income tax (continued)

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	444,974	98,842

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	68,441	40,147
Other receivables and accruals	3,800	2,400
Accrued income	348	-
Prepayments	6,993	7,420
	11,141	9,820
	79,582	49,967

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Property, plant and equipment

	2023 $	2022 $
Plant and equipment - at cost	43,012	35,976
Less: Accumulated depreciation	(35,305)	(34,481)
	7,707	1,495
Motor vehicles - at cost	26,441	26,441
Less: Accumulated depreciation	(25,412)	(20,124)
	1,029	6,317
Computer equipment - at cost	18,894	18,894
Less: Accumulated depreciation	(17,099)	(16,608)
	1,795	2,286
	10,531	10,098

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

	Plant and equipment $	Computer equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	2,653	-	-	2,653
Additions	-	2,453	-	2,453
Transfers in	-	-	10,724	10,724
Depreciation	(1,158)	(167)	(4,407)	(5,732)
Balance at 30 June 2022	1,495	2,286	6,317	10,098
Additions	7,036	-	-	7,036
Depreciation	(824)	(491)	(5,288)	(6,603)
Balance at 30 June 2023	7,707	1,795	1,029	10,531

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

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

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

Plant and equipment	5 years
Computer equipment	5 years
Motor vehicles	5 years

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

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

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

Note 12. Property, plant and equipment (continued)

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

Note 13. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	441,113	441,113
Less: Accumulated depreciation	(351,289)	(327,335)
	89,824	113,778

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

	Land and buildings $	Motor vehicles $	Total $
Balance at 1 July 2021	17,273	11,605	28,878
Remeasurement adjustments	119,843	-	119,843
Transfers out	-	(10,724)	(10,724)
Depreciation expense	(23,338)	(881)	(24,219)
Balance at 30 June 2022	113,778	-	113,778
Depreciation expense	(23,954)	-	(23,954)
Balance at 30 June 2023	89,824	-	89,824

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	**2022 $**
Franchise fee	43,579	43,579
Less: Accumulated amortisation	(35,454)	(33,288)
	8,125	10,291
Franchise renewal fee	167,892	167,892
Less: Accumulated amortisation	(127,270)	(116,437)
	40,622	51,455
	48,747	61,746

Note 14. Intangible assets (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	1,678	8,395	10,073
Additions	10,833	54,163	64,996
Amortisation expense	(2,220)	(11,103)	(13,323)
Balance at 30 June 2022	10,291	51,455	61,746
Amortisation expense	(2,166)	(10,833)	(12,999)
Balance at 30 June 2023	8,125	40,622	48,747

Additions
During the previous financial year the franchise fees were renewed. These are being amortised over five years to March 2027.

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

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

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

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

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

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

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

Note 15. Trade and other payables

	2023 $	**2022 $**
Current liabilities		
Trade payables	3,490	7,368
Other payables and accruals	62,250	37,188
	65,740	44,556
Non-current liabilities		
Other payables and accruals	29,001	58,003

Note 15. Trade and other payables (continued)

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

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

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	22,320	22,358
Unexpired interest	(3,619)	(4,588)
	18,701	17,770
Non-current liabilities		
Land and buildings lease liabilities	75,735	103,275
Unexpired interest	(4,419)	(8,038)
	71,316	95,237

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	113,007	31,785
Remeasurement adjustments	-	122,813
Lease interest expense	4,588	2,413
Lease payments - total cash outflow	(27,578)	(44,004)
	90,017	113,007

Maturity analysis

	2023 $	2022 $
Not later than 12 months	22,320	22,358
Between 12 months and 5 years	75,735	103,275
	98,055	125,633

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on a rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

Note 16. Lease liabilities (continued)

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Branch	4.29%	2 years	1 x 3 years	Yes	March 2027

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	21,270	18,680
Long service leave	6,152	4,306
	27,422	22,986
Non-current liabilities		
Long service leave	2,364	4,197

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

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

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

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

Note 17. Employee benefits (continued)

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

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

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

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	1,507,490	1,507,490	1,578,820	1,578,820
Less: Return of capital	-	-	(22,612)	-
	1,507,490	1,507,490	1,556,208	1,578,820

During the financial year, the company resolved an equal reduction of share capital of $0.015 per share. The return of capital was completed in December 2022 which resulted in the company returning $22,612 to its shareholders.

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company being between $1 and $1.09656 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

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

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

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

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

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

Note 18. Issued capital (continued)

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 224. As at the date of this report, the company had 231 shareholders (2022: 232 shareholders).

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

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

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

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

Note 19. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(1,138,816)	(1,184,074)
Profit after income tax expense for the year	292,073	45,258
Accumulated losses at the end of the financial year	(846,743)	(1,138,816)

Note 20. Capital management

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

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

Note 20. Capital management (continued)

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

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

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

Note 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	72,589	42,547
Cash and cash equivalents	444,974	98,842
	517,563	141,389
Financial liabilities		
Trade and other payables	94,741	102,559
Lease liabilities	90,017	113,007
	184,758	215,566

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

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

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

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

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

Note 21. Financial instruments (continued)

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $444,974 at 30 June 2023 (2022: $98,842).

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

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	65,740	29,001	-	94,741
Lease liabilities	22,320	75,735	-	98,055
Total non-derivatives	88,060	104,736	-	192,796

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	44,556	58,003	-	102,559
Lease liabilities	22,358	103,275	-	125,633
Total non-derivatives	66,914	161,278	-	228,192

Note 22. Key management personnel disclosures

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

Peter John Edwin House	Alison Margaret Cooke
Keiran Ashley Sullivan	Nathaniel Joseph O'Hare
Robert William Shanhun	Bronwyn Rachael Fox

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

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

Note 23. Related party transactions

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

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,060	1,000
General advisory services	3,400	2,130
Share registry services	4,843	2,670
	9,303	5,800
	14,703	11,000

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	292,073	45,258
Adjustments for:		
Depreciation and amortisation	43,556	43,274
Lease liabilities interest	4,588	2,413
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(29,615)	14,858
Decrease in deferred tax assets	97,418	15,460
Increase/(decrease) in trade and other payables	18,548	(555)
Increase/(decrease) in employee benefits	2,603	(3,874)
Increase in other provisions	553	663
Net cash provided by operating activities	429,724	117,497

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	292,073	45,258
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,507,490	1,507,490
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,507,490	1,507,490
	Cents	**Cents**
Basic earnings per share	19.37	3.00
Diluted earnings per share	19.37	3.00

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

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Directors’ declaration

30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Peter John Edwin House
Chair

25 August 2023

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Dancoor Community Finances Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Dancoor Community Finances Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Dancoor Community Finances Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

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/communitybankdandaragancoorow

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR23010) (10/23)