Annual Report 2023

Dimboola & District Financial Services Limited

Community Bank
Dimboola & District

ABN 77 108 797 324

CHAIRPERSONS REPORT

I am pleased to present the 19th annual report, my first as chairperson of Dimboola and District Financial Services.

I must first thank Wayne Elliot for his 12 years of service as chair of the board. His contribution over this time in guiding the business and board to a strong position can't be underestimated. I hope I will be able to live up to his efforts.

Community Bank Dimboola and District has a book of $58.1 million slightly down from last year but the profit after tax has increased to $143,000 an increase of $109,000 over last year putting the business in a strong position moving forward.

The contribution of our staff is the main reason for this result. They work well as a team, as is evident by the way they engage with customers the board and Bendigo management providing a friendly and professional service.

We welcome Tracey Rigney to the board. It has been a pleasure working with Tracey and I look forward to her continuing contribution. Under the constitution with Tracey joining the board 2 directors are required to retire in rotation, this year they are John Nichols and Stuart Kurnell and have offered themselves for re-election and have the full endorsement of the board.

I thank all the board for their continual work in the day to day running of the board responsibilities' and along with our bookkeeper Belinda Mackereth and our auditors AFS and Associates I can report all matters of compliance have been reported according to proper business practices in a timely and professional manner.

We continue to support many community events local and sporting clubs through sponsorship. It is good to see projects and events around town where Dimboola and District Financial services has made a contribution including the opening of tower park and the Steampunk festival.

A particular success was the involvement driven by the staff in this year's easter extravaganza a great local event which also helps to raise funds for the Royal Childrens Hospital

In closing I would like to thank the community for their continued support as without this we would not be in such a good position and will look forward to seeing you at our AGM.

N. Pietsch

Nick Pietsch

Chairperson

BRANCH MANAGERS REPORT

COMMUNITY BANKING FOR COMMUNITY BENEFIT

Community Bank Dimboola & District has continued to provide exemplary service to their existing, and new, customers. The 'A' team of Amanda, Kate, Mila and Melissa are to be congratulated for their dedication, and resilience, in the aftermath of the pandemic. We saw Mila move on to greener pastures in August after almost five years service, and wish her well in her future endeavours. Enter Alex, who has transitioned well into banking, and quickly became part of the amazing group of customer service specialists.

The branch has continued to increase both lending and investment portfolios, together with solid growth in Rural Bank, our valued Agribusiness partner. A full suite of insurance products has also resulted in a greater footprint in this area.

We are committed to the provision of long term Community Banking, and welcome the opportunity to discuss this exciting business, and explain how banking locally benefits the entire community.

The longevity, and ensuing success, of the Community Banking business model is evidenced by the recent 25 year anniversary of the first Community Bank at Rupanyup and Minyip.

Help us make a difference. Together we can make big things happen.

Wayne Anderson

Branch Manager

Dimboola & District Financial Services Limited

ABN 77 108 797 324

Financial Report - 30 June 2023

Dimboola & District Financial Services Limited
Directors' report
30 June 2023

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

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

Name:	Nicholas Carl Pietsch
Title:	Non-executive director
Experience and expertise:	35 plus years experience farming, has held positions in various community groups.
Special responsibilities:	Chairman

Name:	Wayne Maxwell Elliott
Title:	Non-executive director
Experience and expertise:	Holds a Certificate IV Training and Assessment. Company Director at Shat-r- Shield Australia Pty Ltd. Dimboola Golf Club Committee member 17 years and Life Member.
Special responsibilities:	Marketing Committee, Finance Committee

Name:	John William Moar
Title:	Non-executive director
Experience and expertise:	Previous employment: Secondary school teacher, Assistant principal. Retired 2006. Tertiary qualifications: B.A., Trained Secondary Teaching Certificate, Graduate Diploma of Educational Administration. Community Involvement: Dimboola Bowling Club - Match Committee; Dimboola Croquet Club - Treasurer; Combined Probus Club of Dimboola; Dimboola Masonic Lodge.
Special responsibilities:	Vice-Chairman, Treasurer, Finance Committee, Policies and Procedures Committee

Name:	Peter Joseph Hughes
Title:	Non-executive director
Experience and expertise:	Retired Police Officer (32 years), Aged 72, past President and Secretary of the Dimboola Football Club and a Life Member. Member of AWB Cropping for Community Committee, and Current Treasurer Dimboola Rowing Club.
Special responsibilities:	Company Secretary

Name:	John Keith Nichols
Title:	Non-executive director
Experience and expertise:	B Sc(Hons), M Pharmacy, Dip Ed, Cert IV Career Development, Grad Cert Career Development. Life Member, past Vice President, past Regatta Secretary, rower and coach at Dimboola Rowing Club; Secretary of Tower Park Project Sub-Committee, Dimboola Art Inc; Rowing Victoria: Level 2 Boat Race Official, past ex-officio Umpires Commission Trainer, past Umpires Commission member; past Waterwatch Coordinator, past Saltwatch Coordinator, past Dimboola Weir Pool Management Committee, planning & implementation - Nine Creeks Reserve/Walking Tracks, past Secretary Dimboola Golf Club, past Treasurer Dimboola Apex Club, past member Wimmera River (Dimboola) Stakeholders Advisory Group. Previous employment: Tutor/Demonstrator at Victorian College of Pharmacy Ltd; secondary teacher at Dimboola MSC, Horsham C, Stawell SC, Warracknabeal SC; Secretary WASM Careers Network; VCAA: CAT Panel Chairperson, Exam Assessor
Special responsibilities:	Nil

Name:	Raylene Ann Britten
Title:	Non-executive director
Experience and expertise:	Business Owner/Partner. Past Secretary of Dimboola Business Association (4 years).
Special responsibilities:	Nil

Name:	Stuart Ivan Kuhnell
Title:	Non-executive director
Experience and expertise:	Holds a Bachelor of Science (Honours) and a Diploma of Education. Worked as a secondary school teacher and an Assistant Principal with many years of experience on school council.
Special responsibilities:	Nil

Name:	Trevor Patrick Clarke
Title:	Non-executive director
Experience and expertise:	Victorian Railways Institute (VRI) Committee Member (Treasurer), Certificate IV Trainer with Pacific National, Locomotive Mentor Driver and Operation Supervisor (Relief) with Pacific National.
Special responsibilities:	Nil

Name:	Phillip John Guthrie
Title:	Non-executive director
Experience and expertise:	Aged 46, Stakeholder Engagement, Community Development and Innovation.
Special responsibilities:	Nil

Name:	Joylene Coral Wundersitz
Title:	Non-executive director (resigned 30 August 2022)
Experience and expertise:	Diploma of Teaching with 6 years in Primary teaching, Chairperson of Dimboola Kindergarten, Ecumenical Committee Secretary and Business owner. 30 years Office Administration and Sales, Pastoral Assistant and various position in local Church.
Special responsibilities:	Nil

Company secretary
The company secretary is Peter Hughes. Peter was appointed to the position of secretary on 27 January 2015.

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 $143,515 (30 June 2022: $34,026).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank

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

Dividends
No dividends were declared or paid in the current financial year.

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

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

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

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

Dimboola & District Financial Services Limited
Directors' report
30 June 2023

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
Nicholas Carl Pietsch	10	8
Wayne Maxwell Elliott	10	8
John William Moar	10	10
Peter Joseph Hughes	10	10
John Keith Nichols	10	9
Raylene Ann Britten	10	8
Stuart Ivan Kuhnell	10	9
Trevor Patrick Clarke	10	1
Phillip John Guthrie	10	-
Joylene Coral Wundersitz	-	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements.

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
Nicholas Carl Pietsch	5,000	-	5,000
Wayne Maxwell Elliott	2,500	-	2,500
John William Moar	1,000	-	1,000
Peter Joseph Hughes	500	-	500
John Keith Nichols	5,000	-	5,000
Raylene Ann Britten	500	-	500
Stuart Ivan Kuhnell	500	-	500
Trevor Patrick Clarke	-	-	-
Phillip John Guthrie	-	-	-
Joylene Coral Wundersitz	2,000	-	2,000

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*.

Dimboola & District Financial Services Limited
Directors' report
30 June 2023

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 26 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

N Pietsch.

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Nicholas Carl Pietsch
Chair

26 September 2023

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 Dimboola & District Financial Services Limited

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

i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 September 2023

Joshua Griffin
Lead Auditor

Dimboola & District Financial Services 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	631,988	404,059
Other revenue	7	41,720	64,986
Finance revenue		878	-
Total revenue		674,586	469,045
Employee benefits expense	8	(350,446)	(297,042)
Advertising and marketing costs		(863)	(758)
Occupancy and associated costs		(8,511)	(6,816)
System costs		(14,210)	(15,773)
Depreciation and amortisation expense	8	(29,373)	(28,737)
Finance costs	8	(7,247)	(6,955)
General administration expenses		(63,532)	(55,777)
Total expenses before community contributions and income tax expense		(474,182)	(411,858)
Profit before community contributions and income tax expense		200,404	57,187
Charitable donations and sponsorships expense		(9,051)	(11,819)
Profit before income tax expense		191,353	45,368
Income tax expense	9	(47,838)	(11,342)
Profit after income tax expense for the year	20	143,515	34,026
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		143,515	34,026

		Cents	Cents
Basic earnings per share	28	26.27	6.23
Diluted earnings per share	28	26.27	6.23

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

Dimboola & District Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	260,016	66,504
Trade and other receivables	11	63,625	48,483
Total current assets		323,641	114,987
Non-current assets			
Property, plant and equipment	12	17,692	24,887
Right-of-use assets	13	61,477	64,057
Intangible assets	14	18,512	31,581
Deferred tax assets	9	87,230	135,070
Total non-current assets		184,911	255,595
Total assets		508,552	370,582
Liabilities			
Current liabilities			
Trade and other payables	15	42,693	36,384
Borrowings	16	2,730	2,730
Lease liabilities	17	12,740	11,284
Employee benefits	18	88,727	82,186
Total current liabilities		146,890	132,584
Non-current liabilities			
Trade and other payables	15	-	14,980
Lease liabilities	17	82,283	88,890
Employee benefits	18	4,054	3,356
Provisions- lease make-good		19,831	18,793
Total non-current liabilities		106,168	126,019
Total liabilities		253,058	258,603
Net assets		255,494	111,979
Equity			
Issued capital	19	522,073	522,073
Accumulated losses	20	(266,579)	(410,094)
Total equity		255,494	111,979

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

Dimboola & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021	522,073	(444,120)	77,953
Profit after income tax expense	-	34,026	34,026
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	34,026	34,026
Balance at 30 June 2022	522,073	(410,094)	111,979

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022	522,073	(410,094)	111,979
Profit after income tax expense	-	143,515	143,515
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	143,515	143,515
Balance at 30 June 2023	522,073	(266,579)	255,494

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

Dimboola & District Financial Services 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)		726,130	509,741
Payments to suppliers and employees (inclusive of GST)		(501,111)	(421,633)
Interest and other finance costs paid		(914)	(242)
Net cash provided by operating activities	27	224,105	87,866
Cash flows from investing activities			
Payments for intangible assets		(13,618)	(13,618)
Net cash used in investing activities		(13,618)	(13,618)
Cash flows from financing activities			
Repayment of lease liabilities	17	(16,975)	(21,546)
Repayment of borrowings		-	(23,997)
Net cash used in financing activities		(16,975)	(45,543)
Net increase in cash and cash equivalents		193,512	28,705
Cash and cash equivalents at the beginning of the financial year		66,504	37,799
Cash and cash equivalents at the end of the financial year	10	260,016	66,504

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

Dimboola & District Financial Services Limited
Notes to the financial statements
30 June 2023

Note 1. Reporting entity

The financial statements cover Dimboola & District Financial Services 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 92 Lloyd Street, Dimboola VIC 3414.

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 26 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. 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 December 2024.

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 the Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	557,632	321,078
Fee income	35,440	34,337
Commission income	38,916	48,644
	631,988	404,059

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	32,500	37,500
Other income	9,220	27,486
	41,720	64,986

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.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	299,235	253,083
Superannuation contributions	32,549	26,390
Expenses related to long service leave	5,094	3,426
Other expenses	13,568	14,143
	350,446	297,042

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	780	788
Plant and equipment	1,543	1,556
Motor vehicles	4,872	-
	7,195	2,344
Depreciation of right-of-use assets		
Leased land and buildings	9,109	8,411
Leased motor vehicles	-	4,914
	9,109	13,325
Amortisation of intangible assets		
Franchise fee	2,179	2,177
Franchise renewal fee	10,890	10,891
	13,069	13,068
	29,373	28,737

Note 8. Expenses (continued)

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	914	241
Lease interest expense	5,295	5,729
Unwinding of make-good provision	1,038	985
	7,247	6,955

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	4,053	5,062

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 9. Income tax

	2023 $	2022 $
Income tax expense		
Movement in deferred tax	(3,006)	(2,931)
Recoupment of prior year tax losses	50,844	14,273
Aggregate income tax expense	47,838	11,342
Prima facie income tax reconciliation		
Profit before income tax expense	191,353	45,368
Tax at the statutory tax rate of 25%	47,838	11,342
Income tax expense	47,838	11,342

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	55,260	106,105
Property, plant and equipment	(4,423)	(6,222)
Employee benefits	23,268	21,459
Lease liabilities	23,756	25,044
Provision for lease make good	4,958	4,698
Accrued income	(220)	-
Right-of-use assets	(15,369)	(16,014)
Deferred tax asset	87,230	135,070

Note 9. Income tax (continued)

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	180,016	66,504
Term deposits	80,000	-
	260,016	66,504

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	56,328	41,365
Other receivables and accruals	1,362	1,362
Accrued income	878	-
Prepayments	5,057	5,756
	7,297	7,118
	63,625	48,483

Note 11. Trade and other receivables (continued)

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 $
Leasehold improvements - at cost	45,256	45,256
Less: Accumulated depreciation	(44,090)	(43,310)
	1,166	1,946
Plant and equipment - at cost	54,036	54,036
Less: Accumulated depreciation	(46,935)	(45,392)
	7,101	8,644
Motor vehicles - at cost	24,466	24,466
Less: Accumulated depreciation	(15,041)	(10,169)
	9,425	14,297
	17,692	24,887

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	2,734	10,200	-	12,934
Transfers in	-	-	14,297	14,297
Depreciation	(788)	(1,556)	-	(2,344)
Balance at 30 June 2022	1,946	8,644	14,297	24,887
Depreciation	(780)	(1,543)	(4,872)	(7,195)
Balance at 30 June 2023	1,166	7,101	9,425	17,692

Transfer in
In the prior year, the chattel mortgage on the motor vehicle was paid off. As such, the motor vehicle was transferred to property, plant and equipment and is no longer classified in right-of-use assets.

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.

Note 12. Property, plant and equipment (continued)

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

Leasehold improvements	20 years
Plant and Equipment	5 to 40 years
Motor vehicles	5 years

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

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

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

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

Note 13. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	209,593	203,064
Less: Accumulated depreciation	(148,116)	(139,007)
	61,477	64,057

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	68,897	19,211	88,108
Remeasurement adjustments	3,571	-	3,571
Transfers in/(out)	-	(14,297)	(14,297)
Depreciation expense	(8,411)	(4,914)	(13,325)
Balance at 30 June 2022	64,057	-	64,057
Remeasurement adjustments	6,529	-	6,529
Depreciation expense	(9,109)	-	(9,109)
Balance at 30 June 2023	61,477	-	61,477

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 17 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	93,444	93,444
Less: Accumulated amortisation	(90,359)	(88,180)
	3,085	5,264
Franchise renewal fee	167,220	167,220
Less: Accumulated amortisation	(151,793)	(140,903)
	15,427	26,317
	18,512	31,581

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	7,441	37,208	44,649
Amortisation expense	(2,177)	(10,891)	(13,068)
Balance at 30 June 2022	5,264	26,317	31,581
Amortisation expense	(2,179)	(10,890)	(13,069)
Balance at 30 June 2023	3,085	15,427	18,512

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)	December 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2024

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	-	293
Other payables and accruals	42,693	36,091
	42,693	36,384
Non-current liabilities		
Other payables and accruals	-	14,980

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. Borrowings

	2023 $	2022 $
Current liabilities		
Bank loans	2,730	2,730

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2023 $	2022 $
Total facilities		
Bank loans	280,000	280,000
Used at the reporting date		
Bank loans	2,730	2,730
Unused at the reporting date		
Bank loans	277,270	277,270

Bank loans
Interest is recognised at rate of 5.15% (2022: 2.48%). The loans are secured by a fixed and floating charge over the company's assets.

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

Note 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	17,550	16,408
Unexpired interest	(4,810)	(5,124)
	12,740	11,284
Non-current liabilities		
Land and buildings lease liabilities	95,062	105,343
Unexpired interest	(12,779)	(16,453)
	82,283	88,890

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	100,174	112,420
Remeasurement adjustments	6,529	3,571
Lease interest expense	5,295	5,729
Lease payments - total cash outflow	(16,975)	(21,546)
	95,023	100,174

Maturity analysis

	2023 $	2022 $
	2023 $	2022 $
Not later than 12 months	17,550	16,408
Between 12 months and 5 years	70,200	65,668
Greater than 5 years	24,862	39,675
	112,612	121,751

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

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

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

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

Note 17. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Dimboola Branch	5.39%	5 years	1 x 5 years	Yes	November 2029

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	44,097	41,952
Long service leave	44,630	40,234
	88,727	82,186
Non-current liabilities		
Long service leave	4,054	3,356

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

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

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

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

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

Note 18. Employee benefits (continued)

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 19. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	546,300	546,300	546,300	546,300
Less: Equity raising costs	-	-	(24,227)	(24,227)
	546,300	546,300	522,073	522,073

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

Rights attached to issued capital

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

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

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

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

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

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

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

Note 19. Issued capital (continued)

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").

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 20. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(410,094)	(444,120)
Profit after income tax expense for the year	143,515	34,026
Accumulated losses at the end of the financial year	(266,579)	(410,094)

Note 21. Capital management

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

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

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

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

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

Note 22. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	58,568	42,727
Cash and cash equivalents	260,016	66,504
	318,584	109,231
Financial liabilities		
Trade and other payables	42,693	51,364
Lease liabilities	95,023	100,174
Bank loans	2,730	2,730
	140,446	154,268

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

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of $260,016 at 30 June 2023 (2022: $66,504).

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.

Note 23. Financial instruments (continued)

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 of the bank, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 $	2022 $
Bank loans	277,270	277,270

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 $
Bank loans	2,730	-	-	2,730
Trade and other payables	42,693	-	-	42,693
Lease liabilities	17,550	70,200	24,862	112,612
Total non-derivatives	62,973	70,200	24,862	158,035

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	2,730	-	-	2,730
Trade and other payables	36,384	14,980	-	51,364
Lease liabilities	16,408	65,668	39,675	121,751
Total non-derivatives	55,522	80,648	39,675	175,845

Note 24. Key management personnel disclosures

The following persons were directors of Dimboola & District Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements

Nicholas Carl Pietsch
Wayne Maxwell Elliott
John William Moar
Peter Joseph Hughes
John Keith Nichols
Raylene Ann Britten
Stuart Ivan Kuhnell
Trevor Patrick Clarke
Phillip John Guthrie
Joylene Coral Wundersitz

Note 24. Key management personnel disclosures (continued)

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 25. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
The company made contributions to various sporting clubs that directors were also committee members of.	1,040	-

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

Note 26. 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
Taxation advice and tax compliance services	773	1,325
General advisory services	3,020	2,500
	3,793	3,825
	9,193	9,025

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	143,515	34,026
Adjustments for:		
Depreciation and amortisation	29,373	28,737
Lease liabilities interest	5,295	5,729
Change in operating assets and liabilities:		
Increase in trade and other receivables	(15,142)	(6,724)
Decrease in deferred tax assets	47,840	11,342
Increase in trade and other payables	4,947	5,378
Increase in employee benefits	7,239	8,393
Increase in other provisions	1,038	985
Net cash provided by operating activities	224,105	87,866

Note 28. Earnings per share

	2023 $	2022 $
Profit after income tax	143,515	34,026
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	546,300	546,300
Weighted average number of ordinary shares used in calculating diluted earnings per share	546,300	546,300
	Cents	**Cents**
Basic earnings per share	26.27	6.23
Diluted earnings per share	26.27	6.23

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. 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.

Dimboola & District Financial Services Limited
Directors' declaration
30 June 2023

In the directors' opinion:

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

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

On behalf of the directors

N Pietsch.

Nicholas Carl Pietsch
Chair

26 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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(03) 5443 0344

Independent auditor's report to the Directors of Dimboola & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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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: 26 September 2023

Joshua Griffin
Lead Auditor

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This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank