

Annual Report 2023

Donnybrook Capel Districts Community Financial Services
Limited

ABN 23 103 003 416

Community Bank Donnybrook and Capel



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Chair's Report

For year ending 30 June 2023

October 2023

The financial year ending 30th June 2023 has been of immense importance to your Community Bank. We have achieved our highest ever profit of \$753K and likewise the highest dividend we've ever paid of 20 cents per share fully franked, made up of an ordinary dividend of 7 cents and 13 cents special dividend.

The significant increase in profits has come largely from the money markets returning to some degree of normalcy and margins for banks expanding. These margins have already abated to some degree so we may not be able to repeat such a high result in the 24 financial year. However it has placed us in our strongest financial position since we commenced operation.

This year is also a milestone year for us as we have now been in operation for twenty years.

Many of you that have attended some of our recent events would be aware we have achieved the very significant milestone of having had paid over one million dollars of sponsorships and grants to various community groups in the Donnybrook-Balingup and Capel locales. This is of course what community banking is all about and only made possible by our founding shareholders and ongoing customers. The Board thanks all of you.

We are also deeply fortunate to have above and beyond committed staff in our two branches who bring a dedication far above that of "mere" employees as they are fully aware of the impact we are now having in our two communities and take as much pride as the Board does in that result.

We are also now back to having two capable managers in our two branches , being Cassandra Armstrong and David Barkle. Please feel strongly encouraged to meet them and equally encouraged to get your friends and family to meet them to continue growing the bank so we can hand out another million dollars into our communities.

Kingsley Smith
Chairperson

Manager's Reports

Community Bank Donnybrook

Firstly, I would like to introduce myself. My name is David Barkle, originally, I was born and bred on Sydney's Northern Beaches, being one of 10 Children was certainly a unique way to grow up.

I moved to WA with my Wife Louise 5 years ago and live locally in the South West, raising a beautiful 2-year-old son, Osten.

I have been with the Bendigo Community Bank Donnybrook since July 2023. In regards to my professional background, I have been in customer focused roles since the age of 18. With experience in mortgage broking, real estate (both sales & property management) and cold face customer sales/service positions within telecommunications and various retail environments.

I would like to thank the Board of Directors for giving me this opportunity, I love what the Community Bank model represents, how it gives back and truly becomes a part of the local community. I look forward to the opportunity I have to grow a strong and sustainable local community bank here in the Donnybrook community.

By all accounts, the past year has been a challenging one with staff changes. Morgan O'Connor decided it was time to step away from her role as Branch Manager and pursue a different path. Morgan had been the Branch Manager for the past 2 years and worked with in both the Community Bank Capel and Donnybrook branches for 10 years prior to that. I would like to acknowledge her dedication that she has provided to staff and the company throughout her tenure.

This in turn has provided its own set of challenges for the branch, being without a Branch Manager for the last 5 months of the Financial Year. The continued stability of the Community Bank Donnybrook branch would not have been possible without the unwavering dedication of the Branch Operations Manager Helen Atwell, going above and beyond what is expected of her to keep the Community Bank Donnybrook branch bubbling along. While also continuing to support and upskill all the staff.

We have an amazingly dedicated staff at the Donnybrook branch. Helen Atwell, Zae Bisluk, Kesinee Moss, Oceania Lyon, Rikki Hitchcock & myself. As the staff of your Community Bank branch, it is our responsibility to ensure we continue to provide quality, friendly and reliable customer service. Our continued growth comes down to a great team effort and I would like to thank each and every one of them for their efforts over the past 12 months.

I look forward to leading the team, with the help of Helen to a successful year ahead, on a year that is significant as the Community Bank Donnybrook branch celebrates its 20th Birthday. This milestone is no mean feat and I congratulate all involved for this achievement.

Over the last 12 months Donnybrook Capel Districts Community Financial Services Limited has continued to support many local community groups, through a successful Pitch Night Sponsorship Event with positive outcomes and responses from the community.

We look forward to the year ahead, with what is sure to be our biggest Pitch Night Community Event yet to celebrate the Community Banks 20th year, giving away an unprecedented \$60,000 to local community groups.

Manager's Reports *(continued)*

And later this year a super special day of celebration to commemorate the 20th Birthday of your local Community Bank Donnybrook, this is sure to be an unforgettable day for the branch and the community. Congratulations again to everyone involved both past and present on the mammoth effort and achievement of 20 Years of your local Community Bank Donnybrook.

Thank you to our business partners at Bendigo and Adelaide Bank Limited, Regional Manager Michelle Brace, specialists from Business Banking, Rural Bank, and our Local Connection team for their assistance throughout the year.

Thank you to the Board of Directors for their continued dedication and strong community focus and ensure we remain a relevant banking choice in our community.

I want to thank the loyal customers and shareholders for their support. The Team and I look forward to seeing you in branch and around town throughout the next year.

David Barkle
Branch Manager

2022/2023 Sponsorships

During the 2022/2023 financial year, you have supported a number of organisations in the community with many projects, sponsorships, donations and grants to the value of \$305,640.00

Organisation	Outcome
Donnybrook Men's Shed	Equipment
Community Radio	PA System
CRC	Community Capers Event
Donnybrook Masonic Lodge	Upgrade Facilities
CRC	Marquee
Donnybrook RSL	Club Equipment
Donnybrook Wineries & Producers Inc	Annual Food and Wine Festival
Donnybrook Country Music Club	Printer
Newlands Social Club	Upgrade of facilities
Donnybrook Regional Tourism	Tourist Map
Brookhampton Bellringers	Insurance
Donnybrook Theatre Troupe	Block out Blinds
Donnybrook Women's Golf	Ladies Open Day
Donnybrook Golf Club	Wildflower Weekend
1 st Donnybrook Scouts	Storage and Shelving
Donnybrook Amateur Basketball Assoc	Uniforms – mini ball
Balingup Heritage Exhibition	Exhibition
Donnybrook Chamber of Commerce	Shop Local Merchandise
Dbk Balingup Shire	Shop Local at the Twilight Markets
Donnybrook Arts and Crafts	Hall Upgrade & feasibility Study
Capel Riders Inc	Multipurpose Trailer
Capel Horse & Pony Club	Cross country embankment jump
Capel Hockey Club	Community hockey openday & membership drive
Dalyellup Diamonds	Pitching machine
Capel Bowls	2 x ultra violet lights
Dalyellup Collective	Wash trailer & Dalyellup Xmas event
Gelorup Community Inc	2 x replacement printers
SWARMS	Generator & solar upgrade
Boyanup Bowling Club Inc	Replacement of scorecard number
Capel Girl Guides	7 x hiking tents
Capel PS P&C	Multipurpose BBQ
Tuart Forrest Toy Library	Toy library startup
Capel Playgroup	Outdoor musical play equipment
Capel Gardening Club	Event and meeting flags
Capel Op Shop	Blind

Directors' report

For year ending 30 June 2023

The Directors present their report, together with the financial statements, on Donnybrook Capel Districts Community Financial Services Limited for the financial year ended 30 June 2023.

Board of Directors

The following persons were Directors of Donnybrook Capel Districts Community Financial Services Limited during the whole of the financial year up to the date of this report, unless otherwise stated:

Kingsley Smith

Title:	Co Chair
Qualifications:	Chartered Accountant
Experience & Expertise:	Director

John Ridgway

Title:	Director
Qualifications:	BA political Science/Economics
Experience & Expertise:	Senior Management in Government, Company Secretary

Lynda Klein

Title:	Director
Qualifications:	
Experience & Expertise:	Director/Secretary - Engineering Company Director - Retail Hardware store

Nicola Banks

Title:	Director
Qualifications:	B.Com (Accounting & Commercial Law), MBA, Chartered Accountant
Experience & Expertise:	Senior Management - Medium - Large Unlisted Company

Angelo Logiudice

Title:	Director
Qualifications:	Certificate 4 Workplace Training
Experience & Expertise:	Business proprietor newsagent, Director of Family Company

Tahlia Rose (resigned in January 2023)

Title:	Co Chair
Qualifications:	BSc (Hons) LLB (Hons) State Government, Legal
Experience & Expertise:	State Government, Legal

Ben Aldridge (resigned in May 2023)

Title:	Director
Qualifications:	Certificate IV Work Health and Safety Certificate IV Employment Services
Experience & Expertise:	Managing Director of 30 Foot Drop

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the company

Directors' report *(continued)*

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	A	B
Tahlia Rose (resigned in January 2023)	4	2
Kingsley Smith	9	9
John Ridgway	9	8
Ben Aldridge (resigned in May 2023)	7	2
Lynda Klein	9	8
Nicola Banks	9	4
Angelo Logiudice	9	9

A - The number of meetings eligible to attend.

B - The number of meetings attended.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

John Ridgway	
Qualifications:	BA political Science/Economics
Experience & Expertise:	Senior Management in Government

Principal Activities

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

There has been no significant changes in the nature of these activities during the year.

Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2023 (\$)	30 June 2022 (\$)	Movement
Profit After Tax	341,446	60,955	460%

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' report *(continued)*

Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2022	Changes During the Year	Balance at 30 June 2023
Tahlia Rose (resigned in January 2023)	-	-	-
Kingsley Smith	6,000	-	6,000
John Ridgway	1,000	-	1,000
Ben Aldridge (resigned in May 2023)	-	-	-
Lynda Klein	3,000	-	3,000
Nicola Banks	-	-	-
Angelo Logiudice	500	-	500

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per Share	Total Amount (\$)
Final fully franked dividend	20	\$132,087
Total Amount	20	\$132,087

Options

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

Significant Changes in the State of Affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

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

Environmental Regulations

The company is not subject to any significant environmental regulation.

Directors' report *(continued)*

Indemnification & Insurance of Directors & Officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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. The company has not provided any insurance for an auditor of the company or a related body corporate.

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*.

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 26 to the accounts.

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services 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 on page 5 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Boyanup, WA.

Kingsley Smith
Chair/Director

Dated this 28th day of September, 2023

Auditors' Independence Declaration



41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550 admin@rsdaudit.com.au www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Donnybrook

Capel District Community Financial Services Limited.

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Donnybrook Capel District Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSDAudit

A handwritten signature in dark ink, appearing to read 'Mahesh Silva', with a stylized flourish at the end.

Mahesh Silva

Partner

41A Breen Street
Bendigo VIC 3550

Dated: 29 September 2023



Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619186 908

Liability limited by a scheme approved under Professional Standards Legislation

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income As at 30 June 2023

	Note	2023 \$	2022 \$
Revenue			
Revenue from contracts with customers	7	1,799,823	1,192,619
Other revenue	8	38,470	64,710
		1,838,293	1,257,329
Expenses			
Employee benefits expense	9	(728,303)	(728,074)
Depreciation and amortisation	9	(124,666)	(116,767)
Finance costs	9	(8,882)	(17,751)
Bad Debts		(702)	(48)
Administration and general costs		(50,001)	(53,333)
Occupancy expenses		(51,721)	(39,676)
IT expenses		(32,519)	(36,432)
Professional expenses		(13,337)	(6,892)
Advertising expenses		(4,957)	(9,653)
ATM Expenses		(16,702)	(15,458)
Insurance expenses		(23,285)	(27,576)
Other expenses		(30,192)	(41,312)
		(1,085,267)	(1,092,972)
Operating profit before charitable donations and sponsorship		753,026	164,357
Charitable donations and sponsorship	10	(305,640)	(77,963)
Profit before income tax		447,386	86,394
Income tax expense	10	(105,940)	(25,439)
Profit for the year after income tax		341,446	60,955
Other comprehensive income		-	-
Total comprehensive income for the year		341,446	60,955
Profit attributable to the ordinary shareholders of the company		341,446	60,955
Total comprehensive income attributable to ordinary shareholders of the company		341,446	60,955
Earnings per share		¢	¢
- basic and diluted earnings per share	28	51.70	9.23

The accompanying notes form part of these financial statements

Financial Statements *(continued)*

Statement of Financial Position for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	11	553,669	279,653
Trade and other receivables	12	181,509	122,829
Other assets	13	12,354	10,970
Total current assets		747,532	413,452
Non-current assets			
Property, plant and equipment	14	94,378	125,361
Right-of-use assets	15	138,070	189,329
Intangible assets	16	-	26,226
Deferred tax assets	17	26,664	26,971
Total non-current assets		259,112	367,887
Total assets		1,006,644	781,339
Liabilities			
Current liabilities			
Trade and other payables	18	94,224	76,569
Current tax liability	17	64,038	9,592
Lease liabilities	19	17,823	51,566
Employee benefits	20	72,187	74,532
Total current liabilities		248,272	212,259
Non-current liabilities			
Lease liabilities	19	133,055	150,867
Employee benefits	20	1,407	3,662
Total non-current liabilities		134,462	154,529
Total liabilities		382,734	366,788
Net assets		623,910	414,551
Equity			
Issued capital	21	660,435	660,435
Accumulated losses	22	(36,525)	(245,884)
Total equity		623,910	414,551

The accompanying notes form part of these financial statements

Financial Statements *(continued)*

Statement of Changes in Equity for the year ended 30 June 2023

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2021		660,435	(270,515)	389,920
Comprehensive income for the year				
Profit for the year		-	60,955	60,955
Transactions with owners in their capacity as owners				
Dividends paid or provided	27	-	(36,324)	(36,324)
Balance at 30 June 2022		660,435	(245,884)	414,551
Balance at 1 July 2022		660,435	(245,884)	414,551
Comprehensive income for the year				
Profit for the year		-	341,446	341,446
Transactions with owners in their capacity as owners				
Dividends paid or provided	27	-	(132,087)	(132,087)
Balance at 30 June 2023		660,435	(36,525)	623,910

The accompanying notes form part of these financial statements

Financial Statements *(continued)*

Statement of Cash Flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		1,958,913	1,250,134
Payments to suppliers and employees		(1,424,987)	(1,126,388)
Interest paid		(8,882)	-
Income tax paid		(51,188)	13,321
Net cash flows provided by operating activities	23b	473,856	137,067
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		(16,198)	-
Purchase of intangible assets		-	(26,232)
Net cash flows used in investing activities		(16,198)	(26,232)
Cash flows from financing activities			
Repayment of lease liabilities		(51,555)	(81,980)
Dividends paid		(132,087)	(79,252)
Net cash flows used in financing activities		(183,642)	(161,232)
Net increase/(decrease) in cash held		274,016	(50,397)
Cash and cash equivalents at beginning of financial year		279,653	330,050
Cash and cash equivalents at end of financial year	23a	553,669	279,653

The accompanying notes form part of these financial statements

Notes to Financial Statements

for the year ended 30 June 2023

Note 1. Corporate Information

These financial statements and notes represent those of Donnybrook Capel Districts Community Financial Services Limited (the Company) as an individual entity. Donnybrook Capel Districts Community Financial Services Limited is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 28th September 2023.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 25.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

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

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branches:

Donnybrook Community Bank
Capel 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.

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

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity 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
- 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.

(b) Revenue From Contracts With Customers

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the company – 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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans, less interest paid to customers on deposits
<i>plus</i>
Deposit returns (i.e. interest return applied by BABL on deposits)
<i>minus</i>
Any costs of funds (i.e. interest applied by BABL to fund a loan)

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

Commission

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

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

Fee Income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank entities 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 and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

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.

Revenue	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 Goods and Services Tax (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.

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised 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.

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 estimate future cash outflows.

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

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income 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.

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.

Goods & Services Tax

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.
- when receivables and payables are stated with the amount of GST included.

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.

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Leasehold improvements	Straight line	5 years
Motor vehicles	Straight line	5 years
Furniture & Fittings	Straight line	5 years

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

(h) Intangible Assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets 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
Franchise fee	Straight line	Franchise term (5 years)

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

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

(i) 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, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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.

(j) Impairment

Non-derivative Financial Instruments

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

The company's trade receivables are limited to the monthly profit share distribution from Bendigo and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance 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 amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets

(k) Issued Capital

Ordinary Shares

Ordinary shares are recognised at the fair value of the consideration received by the company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Notes to Financial Statements *(continued)*

Note 3. Summary of Significant Accounting Policies *(continued)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonably certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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 zero.

Short-term Leases & Leases of Low-value Assets

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

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As Lessor

The company has not been a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 January 2022 that are expected to have a significant impact on the company's financial statements.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 4. Significant Accounting Judgements, Estimates & Assumptions

During preparation of the financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

Notes to Financial Statements *(continued)*

Note 4. Significant Accounting Judgements, Estimates & Assumptions *(continued)*

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 19 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none">• the amount• the lease term• economic environment• any other relevant factors

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 17 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 14 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 20 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation

Note 5. Financial Risk

Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

Notes to Financial Statements *(continued)*

Note 5. Financial Risk Management *(continued)*

(a) 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 has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) 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.

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2023		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	150,878	24,682	74,013	80,238

(c) 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.

Price Risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and 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 \$669,079 at 30 June 2023 (2022: \$279,653). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Notes to Financial Statements *(continued)*

Note 6. Capital Management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of 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:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) 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 year ended 30 June 2023 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.

Notes to Financial Statements *(continued)*

Note 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2023 \$	2022 \$
Revenue		
- Revenue from contracts with customers	1,799,823	1,192,619
	1,799,823	1,192,619
Disaggregation of Revenue From Contracts With Customers		
- Margin income	1,598,094	966,076
- Fee income	117,301	125,704
- Commission income	84,428	100,839
	1,799,823	1,192,619

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 8. Other Revenue

The company generates other sources of revenue as outlined below.

	2023 \$	2022 \$
Other Revenue		
- Market development fund income	35,000	45,000
- Other	3,470	19,710
	38,470	64,710

Note 9. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2023 \$	2022 \$
Employee Benefits Expense		
- Wages & salaries	609,770	675,150
- Superannuation costs	73,096	81,904
- Other expenses related to employees	45,437	(28,980)
	728,303	728,074

Notes to Financial Statements *(continued)*

Note 9. Expenses *(continued)*

(b) Depreciation & Amortisation Expense

	2023 \$	2022 \$
Depreciation of Non-current Assets		
- leasehold improvements	35,284	27,288
- motor vehicles	11,897	11,988
	47,181	39,276
Depreciation of Right-of-use Assets		
- leased buildings	51,259	51,259
	51,259	51,259
Amortisation of Intangible Assets		
- franchise fees	26,226	26,232
	26,226	26,232
Total depreciation & amortisation expense	124,666	116,767

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	Note	2023 \$	2022 \$
Finance Costs			
- Interest paid		8,882	17,751
		8,882	17,751

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

(d) Community Investments & Sponsorship

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 and grants).

	Note	2023 \$	2022 \$
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		59,008	51,325
- Contribution to the Community Enterprise Foundation™	9(e)	246,632	26,638
		305,640	77,963

The funds contributed are held by the Community Enterprise Foundation (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

Notes to Financial Statements *(continued)*

Note 9. Expenses *(continued)*

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

(e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2023 \$	2022 \$
Disaggregation of CEF Funds		-	-
Opening balance		203,381	228,524
Contributions paid	9(d)	246,632	(26,638)
Grants paid out		(20,599)	-
Interest received		6,143	1,495
GST		(20,755)	-
Management fees		(11,415)	-
Balance available for distribution		403,387	203,381

Notes to Financial Statements *(continued)*

Note 10. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2023 \$	2022 \$
Current tax expense	111,253	29,202
Deferred tax expense	(2,441)	(3,512)
Under / (over) provision of prior years	(5,907)	(251)
	102,905	25,439

(b) *Prima Facie* Tax Payable

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

	2023 \$	2022 \$
Prima facie tax on profit before income tax at 25% (2022: 25%)	111,847	21,599
Add Tax Effect Of:		
- Under / (over) provision of prior years	(5,907)	(251)
- Change in company tax rates	1,190	1,079
- Temporary differences	2,441	(3,512)
- Movement in deferred tax	(3,630)	6,524
Income tax attributable to the entity	105,941	25,439
The applicable weighted average effective tax rate is:	23.68%	29.45%

Note 11. Cash & Cash Equivalents

	2023 \$	2022 \$
Cash at bank and on hand	553,669	279,653
	553,669	279,653

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

Notes to Financial Statements *(continued)*

Note 12. Trade & Other Receivables

	2023 \$	2022 \$
Current		
Trade receivables	171,509	120,538
Other receivables	10,000	2,291
	181,509	122,829

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 13. Other Assets

	2023 \$	2022 \$
Prepayments	12,354	10,970
	12,354	10,970

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

Note 14. Property, Plant & Equipment

(a) Carrying Amounts

	2023 \$			2022 \$		
	At Cost / Valuation	Accumulate d Depreciation	Written Down Value	At Cost / Valuation	Accumulate d Depreciation	Written Down Value
Leasehold improvements	366,077	(280,964)	85,113	334,969	(245,356)	89,613
Furniture & fittings	15,215	(15,215)	-	30,125	(16,228)	13,897
Motor vehicles	58,105	(48,840)	9,265	58,105	(36,254)	21,851
	439,397	(345,019)	94,378	423,199	(297,838)	125,361

Notes to Financial Statements *(continued)*

Note 14. Property, Plant & Equipment *(continued)*

(b) Movements in Carrying Amounts

2023	Leasehold Imp. \$	Furniture & Fittings \$	Motor Vehicles \$
Opening carrying value	89,613	13,897	21,851
Additions	16,198	-	-
Transfer	14,586	(13,897)	(689)
Depreciation expense	(35,284)	-	(11,897)
Closing carrying value	85,113	-	9,265

2022	Leasehold Imp. \$	Furniture & Fittings \$	Motor Vehicles \$
Opening carrying value	117,261	13,897	33,479
Depreciation expense	(27,648)	-	(11,628)
Closing carrying value	89,613	13,897	21,851

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2023 (2022: None).

(d) 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.

Notes to Financial Statements *(continued)*

Note 15. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings only.

Options to Extend or Terminate

The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	343,107	343,107
Depreciation	(205,037)	(205,037)
	138,070	138,070

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Recognised on initial application of AASB 16	189,329	189,329
Depreciation expense	(51,259)	(51,259)
Net carrying amount	138,070	138,070

AASB 16 Amounts Recognised in the Statement of Profit and Loss and Other Comprehensive Income

	2023 \$	2022 \$
Depreciation expense related to right-of-use assets	51,259	51,259
Interest expense on lease liabilities	8,580	3,226

Notes to Financial Statements *(continued)*

Note 16. Intangible Assets

(a) Carrying Amounts

	2023			2022		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fee	131,143	(131,143)	-	131,143	(104,917)	26,226
	131,143	(131,143)	-	131,143	(104,917)	26,226

(b) Movements in Carrying Amounts

2023	Franchise Fees \$
Opening carrying value	26,226
Amortisation expense	(26,226)
Closing carrying value	-

2022	Franchise Fees \$
Opening carrying value	52,458
Amortisation expense	(26,232)
Closing carrying value	26,226

Notes to Financial Statements *(continued)*

Note 17. Tax Assets & Liabilities

(a) Current Tax

	2023 \$	2022 \$
Income tax payable	64,038	9,592

(b) Deferred Tax

Movement in the company's deferred tax balances for the year ended 30 June 2023:

	30 June 2022 \$	Recognised in P & L \$	30 June 2023 \$
Deferred Tax Assets			
- Expense accruals	4,146	976	5,122
- ROU assets and lease liabilities	3,276	1,885	5,161
- Employee provisions	19,549	(74)	19,475
Total deferred tax assets	26,971	2,787	29,758
Deferred Tax Liabilities			
- Prepayments	-	(3,094)	(3,094)
Total deferred tax liabilities	-	(3,094)	(3,094)
Net deferred tax assets	26,971	(307)	26,664

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 \$	Recognised in P & L \$	30 June 2022 \$
Deferred Tax Assets			
- Expense accruals	2,985	1,161	4,146
- Unused tax losses	1,470	(1,470)	-
- ROU assets and lease liabilities	2,748	528	3,276
- Employee provisions	34,027	(14,478)	19,549
Total deferred tax assets	41,230	(14,259)	26,971
Net deferred tax assets	41,230	(14,259)	26,971

Notes to Financial Statements *(continued)*

Note 18. Trade & Other Payables

	2023 \$	2022 \$
Current		
Trade creditors	12,366	39,762
Trade creditors	16,437	-
Other creditors and accruals	65,421	36,807
	94,224	76,569

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

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 19. 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 on the adoption date. The discount rate used on recognition was 4.79%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Donnybrook Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in July 2018. The lease has one further five year extension option available.
Capel Branch	The lease agreement is a non-cancellable lease with an initial term of ten years which commenced in September 2015. The lease has one further ten year extension option available.

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

Notes to Financial Statements *(continued)*

Note 19. Lease Liabilities *(continued)*

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2023 \$	2022 \$
Current	17,823	51,566
Non-current	133,055	150,867

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 were as follows:

(b) Lease Liabilities *(continued)*

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
30 June 2023					
Lease payments	24,682	24,671	49,342	80,238	178,933
Finance charges	(6,859)	(5,969)	(9,145)	(6,082)	(28,055)
Net present values	17,823	8,702	40,197	74,156	50,878
30 June 2022					
Lease payments	60,135	24,671	74,013	78,125	236,944
Finance charges	(8,670)	(6,859)	(15,114)	(3,868)	(34,511)
Net present values	51,465	17,812	58,899	74,257	202,433

Note 20. Employee Benefits

	2023 \$	2022 \$
Current		
Provision for annual leave	35,350	26,641
Provision for long service leave	36,837	47,891
	72,187	74,532
Non-Current		
Provision for long service leave	1,407	3,662
	1,407	3,662

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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.

Notes to Financial Statements *(continued)*

Note 21. Issued Capital

(a) Issued Capital

	2023		2022	
	Number	\$	Number	\$
Ordinary shares - fully paid	660,435	660,435	660,435	660,435
	660,435	660,435	660,435	660,435

Ordinary shares are classified as equity.

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

(b) Movements in share capital

	2023 \$	2022 \$
Fully paid ordinary shares:		
At the beginning of the reporting period	660,435	660,435
Shares issued during the year	-	-
At the end of the reporting period	660,435	660,435

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

Note 22. Retained Earnings

	Note	2023 \$	2022 \$
Balance at the beginning of the reporting period		(245,884)	(270,515)
Profit for the year after income tax		341,446	60,955
Dividends paid	27	(132,087)	(36,324)
Balance at the end of the reporting period		(36,525)	(245,884)

Notes to Financial Statements *(continued)*

Note 23. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	Note	2023 \$	2022 \$
Cash and cash equivalents	11	553,669	279,653
As per the Statement of Cash Flows		553,669	279,653

(b) Reconciliation of cash flow from operations with profit after income tax

	2023 \$	2022 \$
Profit for the year after income tax	341,446	60,955
Non-cash flows in profit		
- Depreciation	98,440	90,535
- Amortisation	26,226	26,232
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(58,680)	(3,358)
- (Increase) / decrease in prepayments and other assets	(1,384)	(1,557)
- (Increase) / decrease in deferred tax asset	307	14,260
- Increase / (decrease) in trade and other payables	17,655	20,677
- Increase / (decrease) in current tax liability	51,411	(12,763)
- Increase / (decrease) in provisions	7,541	(57,914)
Net cash flows from operating activities	482,962	137,067

Note 24. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2023 \$	2022 \$
Financial Assets			
Trade and other receivables	12	181,509	122,829
Cash and cash equivalents	11	553,669	279,653
		735,178	402,482
Financial Liabilities			
Trade and other payables	18	94,224	76,569
Lease liabilities	19	150,878	202,433
		245,102	279,002

Notes to Financial Statements *(continued)*

Note 25. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) Other Related Parties

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

(d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
Kingsley Smith	1/3 owner of Capel Three Amigo Unit Trust - Landlord of Capel Branch	6,348

(d) Key Management Personnel Shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(e) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 26. Auditor's Remuneration

The appointed auditor of Donnybrook Capel Districts Community Financial Services Limited for the year ended 30 June 2023 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2023 \$	2022 \$
Audit & Review Services		
Audit and review of financial statements (RSD Audit)	5,950	5,500
	5,950	5,500
Non-Audit Services		
Other non-audit services	3,360	1,600
	3,360	1,600
Total auditor's remuneration	9,310	7,100

Notes to Financial Statements *(continued)*

Note 27. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2023		2022	
	Number	\$	Number	\$
Fully franked dividend	660,435	132,087	660,435	36,324
Dividends provided for and paid during the year	660,435	132,087	660,435	36,324

The tax rate at which dividends have been franked is 25% (2022: 25%).

Note 28. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023	2022
	\$	\$
Profit attributable to ordinary shareholders	341,446	60,955
	Number	Number
Weighted average number of ordinary shares	660,435	660,435
	¢	¢
Basic and diluted earnings per share	51.70	9.23

Note 29. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Note 30. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 20. Details about any capital commitments are detailed in Note 14(c).

The company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 31. Company Details

The registered office of the company is:

Donnybrook Capel Districts Community Financial Services Limited	70 Southwest Hwy, Donnybrook WA 6239
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The principal places of business are:

Community Bank Donnybrook	70 Southwest Hwy, Donnybrook WA 6239
Community Bank Capel	Unit 1/34 Forrest Road, Capel WA 6271

Director's Declaration

In accordance with a resolution of the directors of Donnybrook Capel Districts Community Financial Services Limited, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the company are 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 performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.

**Kingsley
Smith** Digitally signed by Kingsley Smith
DN: cn=Kingsley Smith,
o=Donnybrook Capel Districts
Community Financial Services
Limited, ou=Co-Chair,
email=kingsley@rvkaccountancy.co
nz, c=NZ
Date= 2023.09.29 08:52:08 +0800

Kingsley Smith
Chair/Director

Dated this 28th day of September, 2023

Independent Auditor's Report

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Independent Auditor's Report inserted after blank page



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**Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Donnybrook
Capel District Community Financial Services Limited.**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Donnybrook Capel District Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSDAudit

A handwritten signature in dark ink, appearing to read 'Mahesh Silva', is written over a light blue horizontal line.

Mahesh Silva
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 29 September 2023

Richmond Sinnott & Delahunty, trading as RSD Audit
ABN 85 619186 908

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