Fleurieu Community Enterprises Ltd

ABN 72 116 550 157

Financial Report - 30 June 2023

Fleurieu Community Enterprises Ltd 2022-23

Chair's Report

The past financial year has seen our Community Bank business transformed. In recent years, low interest rates, particularly on deposits, had depressed our income while costs continued to increase. The changes in the past year are nothing short of remarkable. Income up a staggering 80% to $2.414M and cost increases contained to 6%, excluding charitable donations, sponsorships, and grants. This has allowed your Board to return a respectable interim, 10 cent dividend to our shareholders, whilst funding a huge $300,000 Community Investment into literally dozens of not-for-profit organisations across the Fleurieu. In addition, a further $300,000 has been placed with the Bendigo Community Foundation for future requests. It was a pleasure to celebrate the passing of the $1 million in returned Community Investments in July, just after the financial year end. Your Board looks forward to breaking new records going forward.

The increase in our customer base to 7,300 customers with $311 million of deposits and loans also concerns our service commitment to various Fleurieu Communities. The Board is confident that face to face banking, supported by mobile and Internet capabilities, remains an important offering to our customers. Further growth of our customer base is continuing into this year which will help underpin our financial sustainability going forward.

Unlike our larger competitors, we have retained our sites and continue to seek opportunities to transform our branches into business hubs like Connect Victor which is building a reputation for hosting not for profits and businesses to use our meeting rooms and facilities. Our unique offering where our Bendigo Bank franchise is owned by local shareholders, and returns 80% of our profits to our community, has resilience and increased relevance across the Fleurieu.

The Board has seen a few changes during the year due to competing personal priorities and I would like to thank retiring Directors for their service. The voluntary inputs of our Director team ensure we continue to flourish.

Again, my thanks go out to our founding local shareholders whose inspiration embarked us on this journey, along with our supporting customers and local staff.

Ron Logan
Chair
Fleurieu Community Enterprises Ltd

Fleurieu Community Enterprises Limited - Manager Report 2022/2023 FY

For year ending 30th June 2023

It has been an exciting year and I am also pleased to report Fleurieu Community Enterprises experienced growth for the 2022/2023 financial year.

The total branches business increased by $17,103,783 for the financial year, taking the total business held as of 30 June 2023 to $311,479,683

The below table provides a breakdown of the branch's performance as of 30 June 2023.

Products	**Opening Balance – July 2022**	**Closing Balance – June 2023**
Contingent Liabilities	$96,507	$88,486
BEN Deposits	$165,520,019	$186,648,340
BEN Loans	$100,309,142	$99,473,442
Rural Bank Deposits	$1,709,811	$750,355
Rural Bank Lending	$13,466,426	$13,662,060
Financial Planning	Nil	Nil
Wealth	$1,298,267	$1,461,594
Other Business	$11,975,728	$9,435,406
Total	**$294,375,901**	**$311,479,683**

Over the past 12 months we have seen a significant increase in interest rate rises and no COVID restrictions.

Foot traffic to our branches continues as people are seeing us as their bank of choice across the Fleurieu with most of the majors closing their doors. We remain the only bank in Aldinga, Goolwa, and Willunga.

The total level of community investment from the Fleurieu Community Banks is now over $980,000, which is exciting, and we remain focused on supporting our customers, and growing our business to continue to give back to our local communities.

I would like to acknowledge and thank the Fleurieu team who work diligently and with great commitment to ensure the branches are a success for the growth and prosperity of the broader community and a big thank you to our customers who continue to see the benefits of banking through our local Community Bank, and who make this level of investment possible.

I would like to express my thanks and support to our Board of Directors who volunteer their time. Their expertise and support throughout the year is very much appreciated.

Most importantly I would like to thank the customers and shareholders who understand that we are the bank of choice and for putting your trust in our staff with your banking needs.

We look forward to seeing what we can achieve in the new financial year.

Julie Zeitinger

Fleurieu Business and Community Manager

Fleurieu Community Enterprises Ltd
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:	Ronald Leslie Logan
Title:	Non-executive director
Experience and expertise:	Employed previously as a senior executive and Director with HSBC, CBA, Colonial and TSB (UK). Has worked in the UK, Australia, China, Vietnam and the Philippines. Now resident in Sellicks Hill and operates an aviation and private investment company.
Special responsibilities:	Chairman. Member of Finance subcommittee.

Name:	Charles Dominic Rodney Manning
Title:	Non-executive director
Experience and expertise:	Owner of Face the World, a Management Consulting firm, He has worked of 20 years coaching/developing Executive Leadership teams with many major corporations and government departments. He is a corporate team coach and facilitator, developer of leaders and managers, helps people to deal with change and plan their lives. Holds a Masters in Applied Science (RMIT), worked for four years in the Commonwealth Dept of Finance and 10 years in the Dept of Defence.
Special responsibilities:	Member of Community Investment subcommittee.

Name:	Marissa Harvey
Title:	Non-executive director
Experience and expertise:	Diploma of Accounting & Financial Planning and member of Association of Accounting Technicians. Owner of DataBooks a bookkeeping and business advisory firm. Volunteer of a local sporting club and past volunteer of Fred's Van.
Special responsibilities:	Treasurer. Chair of Finance and Governance subcommittee.

Name:	Moira Fay Jenkins
Title:	Non-executive director
Experience and expertise:	M.Psych, Grad Dip Conflict Management, PhD. Owner of Aboto Pty ltd, a Conflict Management Consulting firm. Specialising in Conflict Management Coaching, facilitation of workshops addressing workplace conflicts, working with high conflict people and leadership development. Mayor, City of Victor Harbor. Board member of ARAS - 'Aged Rights Advocacy Service'.
Special responsibilities:	Member of Community Investment subcommittee.

Name:	Alison Hancock
Title:	Non-executive director
Experience and expertise:	An experienced and results oriented executive with a commercially astute and pragmatic approach across both public and private industry sectors. She has been a leader of multi-disciplinary teams across a range of corporate and business functions to achieve alignment of strategic and operational goals. Qualifications held in Bachelor of Laws and Legal Practice (LLB), Member of the Australian Institute of Company Directors, the Law Society and Women on Boards.
Special responsibilities:	Member of the Risk and Governance subcommittee.

Name:	Barry Kym McHugh
Title:	Non-executive director
Experience and expertise:	Presiding member and / or member of many Local Government / State Government and National Bodies and committees. Former Mayor of Alexandrina Council for 19.5 years.
Special responsibilities:	Nil.

Name:	Joshua David Lee
Title:	Non-executive director
Experience and expertise:	Head of Product for software company Honeywell Sine where he facilitates the intersection of Business objectives, Market needs and Development effort. Josh has worked in software for over 10 years and previously ran his own design studio after returning to Adelaide from living overseas. He is a founding board member - Kiwanis Club of the Fleurieu, which he helped setup to run The Mad Dash - a not for profit community event - for which he is also a member of the organising committee. Josh is a graduate of the Fleurieu Future Leaders Program.
Special responsibilities:	Nil.

Name:	Meagan Louise Harrison
Title:	Non-executive Director (appointed 9 March 2023)
Experience and expertise:	Owner and Lead Facilitator at Leading Self. Program Coordinator at Face The World. Secretary of Fleurieu Future Leaders Program Inc. Former Customer Relationship Officer at Aldinga Beach Community Bank Branch. Former Customer Service Specialist at Mount Barker Commonwealth Bank Branch. Former Taxation Specialist at HR Block Seaford Branch.
Special responsibilities:	Nil.

Name:	Markus Shane Bucy
Title:	Non-executive director (appointed 30 November 2022)
Experience and expertise:	Markus currently sits in the role of Chief Strategy Officer for Disaster Relief Australia focused on evolving business structure, services and processes commensurate with the rapid growth of the organisation. AS CSO Markus is also driving the professionalisation of multiple services that will generate revenue for the continued delivery of DRA’s charitable purpose. Markus was the Founder of Team Rubicon Australia (later to become Disaster Relief Australia) and served for five years as the Chief Operating Officer. As COO Markus led the development and management of DRA’s field operations, Disaster Relief Teams, membership base and organisational support functions. Whereby the organisation grew from concept to a nation-wide charity with over 3000 volunteers, 35 employees alongside the execution of dozens of disaster relief operations domestically and internationally.
Special responsibilities:	Member of Finance and Governance subcommittee.

Name:	Robert Vanderkamp
Title:	Non-executive director (resigned 26 June 2023)
Experience and expertise:	Senior management role in marine and automotive private companies, and Director of private companies.
Special responsibilities:	Nil.

Name:	Emily Livingston
Title:	Non-executive director (resigned 8 February 2023)
Experience and expertise:	Bachelor of Law and Bachelor of Environmental Policy and Management from University of Adelaide. Graduate Diploma of Legal Practice. Full-time Graduate Solicitor at Southern Coast Legal.
Special responsibilities:	Secretary. Member of Community Investment subcommittee, Member of Nominations and Remuneration and Risk subcommittee.

Company secretary
The Company secretary was Emily Livingston. Emily was appointed to the position of company secretary on 5 October 2020 and ceased on 9 February 2023. The position is vacant and is yet to be filled as at the date of this report.

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.

Fleurieu Community Enterprises Ltd
Directors' report
30 June 2023

Review of operations
The profit for the company after providing for income tax amounted to $279,708 (30 June 2022: loss of $33,388).

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

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

	2023 **$**
Unfranked dividend of 10 cents per share (2022: nil cents)	98,832

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.

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
Ronald Leslie Logan	10	10
Charles Dominic Rodney Manning	10	3
Marissa Harvey	10	10
Moira Fay Jenkins	10	7
Alison Hancock	10	4
Barry Kym McHugh	10	7
Joshua David Lee	10	9
Meagan Louise Harrison	4	4
Markus Shane Bucy	6	4
Robert Vanderkamp	10	2
Emily Livingston	6	6

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

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

	Balance at the start of the year	Changes	Balance at the end of the year
Ronald Leslie Logan	10,000	-	10,000
Charles Dominic Rodney Manning	-	-	-
Marissa Harvey	-	-	-
Moira Fay Jenkins	-	-	-
Alison Hancock	-	-	-
Barry Kym McHugh	-	-	-
Joshua David Lee	-	-	-
Meagan Louise Harrison	-	-	-
Markus Shane Bucy	-	-	-
Robert Vanderkamp	29,167	-	29,167
Emily Livingston	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart, 2021: Accru Harris Orchard) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services 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.

Fleurieu Community Enterprises Ltd
Directors' report
30 June 2023

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

Ronald Leslie Logan
Chair

13 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 Fleurieu Community Enterprises Ltd

As lead auditor for the audit of Fleurieu Community Enterprises Ltd 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: 13th September 2023

Joshua Griffin
Lead Auditor

Fleurieu Community Enterprises Ltd
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	2,346,656	1,254,025
Other revenue	7	67,734	82,563
Finance revenue		-	32
Total revenue		2,414,390	1,336,620
Employee benefits expense	8	(922,335)	(802,420)
Advertising and marketing costs		(12,760)	(4,896)
Occupancy and associated costs		(52,109)	(61,077)
System costs		(55,595)	(64,070)
Depreciation and amortisation expense	8	(231,850)	(226,801)
Finance costs	8	(23,421)	(27,995)
General administration expenses		(134,438)	(161,044)
Total expenses before community contributions and income tax expense		(1,432,508)	(1,348,303)
Profit/(loss) before community contributions and income tax (expense)/benefit		981,882	(11,683)
Charitable donations, sponsorships and grants expense	8	(599,868)	(24,153)
Profit/(loss) before income tax (expense)/benefit		382,014	(35,836)
Income tax (expense)/benefit	9	(102,306)	2,448
Profit/(loss) after income tax (expense)/benefit for the year	21	279,708	(33,388)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		279,708	(33,388)
		Cents	**Cents**
Basic earnings per share	29	28.30	(3.38)
Diluted earnings per share	29	28.30	(3.38)

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

Fleurieu Community Enterprises Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	366,390	99,472
Trade and other receivables	11	238,238	159,509
Total current assets		604,628	258,981
Non-current assets			
Property, plant and equipment	12	154,224	196,726
Right-of-use assets	13	402,330	512,480
Intangible assets	14	295,887	339,928
Deferred tax assets	9	317,634	419,939
Total non-current assets		1,170,075	1,469,073
Total assets		1,774,703	1,728,054
Liabilities			
Current liabilities			
Trade and other payables	15	190,330	107,184
Borrowings	16	60,372	60,372
Lease liabilities	17	134,092	138,250
Employee benefits	18	65,944	60,757
Total current liabilities		450,738	366,563
Non-current liabilities			
Trade and other payables	15	18,428	48,050
Borrowings	16	329,566	389,578
Lease liabilities	17	328,263	448,504
Employee benefits	18	4,418	16,136
Lease make good provision	19	84,380	81,189
Total non-current liabilities		765,055	983,457
Total liabilities		1,215,793	1,350,020
Net assets		558,910	378,034
Equity			
Issued capital	20	842,339	842,339
Accumulated losses	21	(283,429)	(464,305)
Total equity		558,910	378,034

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

Fleurieu Community Enterprises Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		724,815	(430,917)	293,898
Profit after income tax expense		-	(33,388)	(33,388)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(33,388)	(33,388)
Transactions with owners in their capacity as owners:				
Shares issued during period		117,524	-	117,524
Balance at 30 June 2022		842,339	(464,305)	378,034

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		842,339	(464,305)	378,034
Profit after income tax expense		-	279,708	279,708
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	279,708	279,708
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(98,832)	(98,832)
Balance at 30 June 2023		842,339	(283,429)	558,910

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

Fleurieu Community Enterprises Ltd
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)		2,554,954	1,413,612
Payments to suppliers and employees (inclusive of GST)		(1,928,592)	(1,235,515)
Net cash provided by operating activities	28	626,362	178,097
Cash flows from investing activities			
Payments for property, plant and equipment	12	(12,749)	(44,067)
Payments for intangible assets		(26,930)	(26,930)
Net cash used in investing activities		(39,679)	(70,997)
Cash flows from financing activities			
Repayment of lease liabilities	17	(160,921)	(157,506)
Dividends paid	23	(98,832)	-
Repayment of borrowings		(60,012)	(60,012)
Net cash used in financing activities		(319,765)	(217,518)
Net increase/(decrease) in cash and cash equivalents		266,918	(110,418)
Cash and cash equivalents at the beginning of the financial year		99,472	209,890
Cash and cash equivalents at the end of the financial year	10	366,390	99,472

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

Note 1. Reporting entity

The financial statements cover Fleurieu Community Enterprises Ltd and its subsidiarity. The subsidiary was deregistered in December 2021 and as such the financial report is presented as an individual entity (the company).

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office	Principal place of business
Shop 32, Aldinga Central Shopping Centre - 1 Pridham Boulevard, Aldinga Beach SA 5173	Shop 32, Aldinga Central Shopping Centre - 1 Pridham Boulevard, Aldinga Beach SA 5173 138 Hindmarsh Road, Victor Harbor SA 5211 33 Hutchinson Street, Goolwa SA 5214 9 High Street, Willunga SA 5172

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 13 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.

Note 3. Significant accounting policies (continued)

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.

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, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. 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. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

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.

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

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

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

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

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

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

Note 5. Economic dependency

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

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

Note 5. Economic dependency (continued)

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,996,473	894,143
Fee income	94,816	86,008
Commission income	255,367	273,874
	2,346,656	1,254,025

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.

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2023 $	2022 $
Market development fund	60,000	73,958
Rental income	6,476	8,217
Other income	1,258	388
	67,734	82,563

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 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.
Rental income	Rental income from owned investment properties, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.

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	805,443	699,514
Superannuation contributions	80,794	64,973
Expenses related to long service leave	(9,926)	8,916
Other expenses	46,024	29,017
	922,335	802,420

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Buildings	11,772	11,724
Leasehold improvements	39,729	39,566
Plant and equipment	1,367	1,361
Furniture and fittings	2,383	2,373
	55,251	55,024
Depreciation of right-of-use assets		
Leased land and buildings	132,558	127,736
Amortisation of intangible assets		
Franchise fee	4,005	4,005
Franchise establishment fee	7,036	7,036
Franchise renewal fee	15,000	15,000
Domiciled customer accounts	18,000	18,000
	44,041	44,041
	231,850	226,801

Finance costs

	2023 $	2022 $
Lease interest expense	20,230	24,927
Unwinding of make-good provision	3,191	3,068
	23,421	27,995

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	22,976	29,238
Expenses relating to short-term leases	1,920	4,167
	24,896	33,405

The company pays for the right to use Willunga Service Access. The lease agreement is expired and continues on existing terms on a month-by-month basis with no significant penalty for termination. As such the lease has been assessed as short term and exempted from recognition under *AASB 16 Leases* accounting. Expenses relating to short term exempt leases are included in occupancy and associated cost expenses.

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

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	284,079	24,153
Contribution to the Community Enterprise Foundation™	315,789	-
	599,868	24,153

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

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

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.

Note 9. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Movement in deferred tax	(4,137)	(12,954)
Recoupment of prior year tax losses	106,443	10,506
Aggregate income tax expense/(benefit)	102,306	(2,448)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	382,014	(35,836)
Tax at the statutory tax rate of 25%	95,504	(8,959)
Tax effect of:		
Non-deductible expenses	6,802	6,511
Income tax expense/(benefit)	102,306	(2,448)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	22,143	13,609
Employee benefits	17,591	19,223
Make-good provision	21,095	20,297
Carried-forward tax losses	241,815	348,258
Income accruals	(17)	(16)
Lease liabilities	115,589	146,688
Right-of-use assets	(100,582)	(128,120)
Deferred tax asset	317,634	419,939

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, 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	256,703	21,096
Term deposits	109,687	78,376
	366,390	99,472

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	220,398	136,549
Accrued income	64	64
Prepayments	17,776	22,896
	17,840	22,960
	238,238	159,509

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.

Note 12. Property, plant and equipment

	2023 $	**2022 $**
Buildings - at cost	93,795	93,795
Less: Accumulated depreciation	(25,455)	(13,683)
	68,340	80,112
Leasehold improvements - at cost	261,359	248,610
Less: Accumulated depreciation	(183,587)	(143,858)
	77,772	104,752
Plant and equipment - at cost	50,429	50,429
Less: Accumulated depreciation	(48,815)	(47,448)
	1,614	2,981
Furniture and fittings - at cost	12,441	12,441
Less: Accumulated depreciation	(5,943)	(3,560)
	6,498	8,881
	154,224	196,726

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

	Buildings $	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Total $
Balance at 1 July 2021	91,836	101,977	2,617	11,254	207,684
Additions	-	42,341	1,725	-	44,066
Depreciation	(11,724)	(39,566)	(1,361)	(2,373)	(55,024)
Balance at 30 June 2022	80,112	104,752	2,981	8,881	196,726
Additions	-	12,749	-	-	12,749
Depreciation	(11,772)	(39,729)	(1,367)	(2,383)	(55,251)
Balance at 30 June 2023	68,340	77,772	1,614	6,498	154,224

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:

Building	8 years
Leasehold improvements	5 to 10 years
Plant and equipment	5 years
Furniture and fittings	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	1,061,802	1,039,394
Less: Accumulated depreciation	(659,472)	(526,914)
	402,330	512,480

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

	Land and buildings $
Balance at 1 July 2021	646,630
Remeasurement adjustments	(6,414)
Depreciation expense	(127,736)
Balance at 30 June 2022	512,480
Remeasurement adjustments	22,408
Depreciation expense	(132,558)
Balance at 30 June 2023	402,330

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 $
Goodwill - Acquisition of AlexInvest	187,793	187,793
Franchise fee	70,907	70,907
Less: Accumulated amortisation	(61,895)	(57,890)
	9,012	13,017
Franchise renewal fee	331,923	331,923
Less: Accumulated amortisation	(298,173)	(283,173)
	33,750	48,750
Establishment fee - Victor Harbor	31,663	31,663
Less: Accumulated amortisation	(15,831)	(8,795)
	15,832	22,868
Domiciled customer accounts - Victor Harbor	90,000	90,000
Less: Accumulated amortisation	(40,500)	(22,500)
	49,500	67,500
	295,887	339,928

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

	Franchise fee $	Establishment fee $	Franchise renewal fee $	Domiciled customer accounts - Victor Harbor $	Goodwill - Acquisition of AlexInvest $	Total $
Balance at 1 July 2021	17,022	29,904	63,750	85,500	187,793	383,969
Amortisation expense	(4,005)	(7,036)	(15,000)	(18,000)	-	(44,041)
Balance at 30 June 2022	13,017	22,868	48,750	67,500	187,793	339,928
Amortisation expense	(4,005)	(7,036)	(15,000)	(18,000)	-	(44,041)
Balance at 30 June 2023	9,012	15,832	33,750	49,500	187,793	295,887

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 and domiciled customer accounts 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 establishment fee	Straight-line	5 years	October 2025
Franchise fee	Straight-line	5 years	October 2025
Franchise renewal fee	Straight-line	5 years	October 2025
Domiciled customer accounts	Straight-line	5 years	April 2026
Goodwill		Indefinite	N/A

Note 14. Intangible assets (continued)

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.

Accounting policy for intangible assets
Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Accounting policy for goodwill
Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	84,506	14,551
Other payables and accruals	105,824	92,633
	190,330	107,184
Non-current liabilities		
Other payables and accruals	18,428	48,050

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	60,372	60,372
Non-current liabilities		
Bank loans	329,566	389,578

Note 16. Borrowings (continued)

Bank loans
Bank loans are repayable monthly with repayments being interest-free. 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	149,305	158,307
Unexpired interest	(15,213)	(20,057)
	134,092	138,250
Non-current liabilities		
Land and buildings lease liabilities	359,621	492,933
Unexpired interest	(31,358)	(44,429)
	328,263	448,504

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	586,754	716,309
Remeasurement adjustments	16,292	3,024
Lease interest expense	20,230	24,927
Lease payments - total cash outflow	(160,921)	(157,506)
	462,355	586,754

Maturity analysis

	2023 $	2022 $
Not later than 12 months	149,305	158,307
Between 12 months and 5 years	270,235	364,390
Greater than 5 years	89,386	128,543
	508,926	651,240

Note 17. Lease liabilities (continued)

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Estimated term based on hold over clause and likely forthcoming renewal	Lease term end date used in calculations
Willunga Customer Service Centre	3.54%	3 years	2 x 3 years	Yes	N/A	April 2029
Goolwa Branch	4.79%	5 years	N/A	N/A	N/A	April 2026
Aldinga Branch	3.54%	N/A	N/A	N/A	N/A	April 2024
Victor Harbor Branch	3.54%	4.5 years	1 x 5 years	Yes	46 months	September 2030

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 fixed lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected 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 rate, if the company changes its assessment of whether it will exercise an extension option or if there is a revised in-substance fixed lease payment.

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

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

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

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	40,146	36,751
Long service leave	25,798	24,006
	65,944	60,757
Non-current liabilities		
Long service leave	4,418	16,136

Note 18. Employee benefits (continued)

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

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

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

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

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

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

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

Note 19. Lease make good provision

	2023 $	2022 $
Lease make good	84,380	81,189

Lease make good
In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provisions
Aldinga	April 2024	$35,000
Goolwa	April 2026	$25,000
Willunga	April 2029	$35,000
Victor Harbor	September 2030	$0

Note 19. Lease make good provision (continued)

Accounting policy for provisions
Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	988,321	988,321	842,339	842,339

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

Note 20. Issued capital (continued)

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 219**.** As at the date of this report, the company had 439 shareholders (2022: 440 shareholders).

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

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

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

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

Note 21. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(464,305)	(430,917)
Profit/(loss) after income tax (expense)/benefit for the year	279,708	(33,388)
Dividends paid (note 23)	(98,832)	-
Accumulated losses at the end of the financial year	(283,429)	(464,305)

Note 22. Capital management

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

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

The distribution limit is the greater of:

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

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

Note 22. Capital management (continued)

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

Note 23. Dividends

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

	2023 $	2022 $
Unfranked dividend of 10 cents per share (2022: nil cents)	98,832	-

Accounting policy for dividends
Dividends are recognised in the financial year they are declared.

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	220,462	136,613
Cash and cash equivalents	366,390	99,472
	586,852	236,085
Financial liabilities		
Trade and other payables	208,758	155,234
Lease liabilities	462,355	586,754
Bank loans	389,938	449,950
	1,061,051	1,191,938

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.

Note 24. Financial instruments (continued)

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk, however currently all bank loans are interest free. The company held cash and cash equivalents of $366,390 at 30 June 2023 (2022: $99,472).

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

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	60,372	329,566	-	389,938
Trade and other payables	190,330	18,428	-	208,758
Lease liabilities	149,305	270,235	89,386	508,926
Total non-derivatives	400,007	618,229	89,386	1,107,622

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	60,372	389,578	-	449,950
Trade and other payables	107,184	48,050	-	155,234
Lease liabilities	158,307	364,390	128,543	651,240
Total non-derivatives	325,863	802,018	128,543	1,256,424

Note 25. Key management personnel disclosures

The following persons were directors of Fleurieu Community Enterprises Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Ronald Leslie Logan
Charles Dominic Rodney Manning
Marissa Harvey
Moira Fay Jenkins
Alison Hancock
Barry Kym McHugh
Joshua David Lee
Meagan Louise Harrison
Markus Shane Bucy
Robert Vanderkamp
Emily Livingston

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

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

Note 26. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
Ron Logan receives rental income for the Victor Harbor branch lease. The total received was:	46,336	31,283
Meagan Harrison facilitated a Staff Community Challenge and Team Building day. The total benefit received was:	2,300	-

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

Note 27. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	7,700	6,350
Other services		
Taxation advice and tax compliance services	660	1,200
General advisory services	3,800	13,730
Share registry services	6,412	3,270
	10,872	18,200
	18,572	24,550

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

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	279,708	(33,388)
Adjustments for:		
Depreciation and amortisation	231,849	226,801
Lease liabilities interest	20,230	24,927
Change in operating assets and liabilities:		
Increase in trade and other receivables	(78,729)	(55,610)
Decrease/(increase) in deferred tax assets	102,305	(2,448)
Increase in trade and other payables	74,339	11,253
Increase/(decrease) in employee benefits	(6,531)	3,493
Increase in other provisions	3,191	3,069
Net cash provided by operating activities	626,362	178,097

Note 29. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	279,708	(33,388)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	988,321	988,321
Weighted average number of ordinary shares used in calculating diluted earnings per share	988,321	988,321
	Cents	**Cents**
Basic earnings per share	28.30	(3.38)
Diluted earnings per share	28.30	(3.38)

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Fleurieu Community Enterprises Ltd
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

Ronald Leslie Logan
Chair

13 September 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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(03) 5443 0344

Independent auditor's report to the Directors of Fleurieu Community Enterprises Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fleurieu Community Enterprises Ltd (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 Fleurieu Community Enterprises Ltd, 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
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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: 13th September 2023

Joshua Griffin
Lead Auditor