Annual Report 2023

Fraser Coast Community Enterprise Ltd

Community Bank Hervey Bay
ABN 46 116 567 072

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Contents

Chair’s Report

For year ending 30 June 2023

It is my privilege and pleasure to present the Annual Report for 2022 - 2023 financial year on behalf of the Board of Fraser Coast Community Enterprise Limited (FCCE).

The last year has been both challenging and rewarding for FCCE.

As the Fraser Coast community has moved on from the challenges of the COVID-19 pandemic, to only be confronted with the headwinds of high inflation which have resulted in interest rates dramatically increasing from their historic lows. The increase in rates, and the price margins that our Community Bank operates within, should ensure the short to medium term future sustainability and profitability of FCCE.

As you are aware, the Bendigo Community Bank model is unique in its nature and structure. The Community Bank's model allows for up to 20% of profits to be distributed to its shareholders and remaining profits available for the Company to return to and invested in, the local community.

Over the last number of years, the Board members have sought to identify major projects that we could support which would see our donation contribute to real and meaningful change for individuals or groups within our community. In the last reporting year that project was to bring Sleepbus.org.au to the Fraser Coast.

In the current reporting year FCCE donated $26,660 to Fraser Coast Hospice for the installation of solar panels on their Hervey Bay residential facility. In addition to that donation FCCE has also provided over $7,875 in donations to smaller organizations such as Men's Walk and Talk (men's mental health), Hervey Bay Swimming Club and PCYC Hervey Bay.

Turning to the financial position of FCCE, in the past year the Board has worked to address the ongoing challenges of the financial market in our region and to capitalise on the opportunities that our Branch Manager, Tim Evans, and his team have been able to create. The combined team effort has seen an increase in revenue and a significant growth in the company's Balance Sheet and the shareholder's equity.

This growth is demonstrated by the enclosed Financial Report which shows the year's net profit to be $723,720, which is nearly $646,266 more than the previous year, resulting in earnings per share of 67.01 cents. The total equity of FCCE has increased to $998,477.

As a Board, we are grateful for the ongoing support and commitment of our shareholders - the local people who have invested in the future of FCCE and, most importantly, the well-being and prosperity of our region. Without their investment, FCCE would not exist and our community would not have access to some of the nation's best financial products and services, nor be able to benefit from the generosity and support our Community Bank.

Chair's report

For year ending 30 June 2023

We are indebted to our branch staff for their enormous effort and patience over what has been a challenging and extremely busy twelve months. Tim has continued to lead his team with professionalism, motivation and outstanding service. He has proven to be both approachable and adaptable, giving thoughtful advice to the Board and expert service and advice to our customers. We thank Tim and his team for a wonderful and profitable year.

As Chair of the Board, I am immensely grateful for the commitment, expertise and wise counsel of my Board colleagues. Fraser Coast Community Enterprise Limited is indeed fortunate to have the ready services of a volunteer group of well-qualified, diversely skilled and community-minded people.

Our thanks also go to the regional management of the Bendigo Bank. The regional managers and Bendigo Bank staff have always shown a willingness to share ideas, support initiatives and offer expert service. The Bendigo Bank brand continues to grow and respond in times of need and opportunity.

Finally, to our many customers, new and long-term alike, thank you for your commitment, faith and promotion of our bank and business. Our aim is to be of service and we are very grateful for your trust and banking business.

Best wishes to all throughout our wonderful region over the coming months and years. Thank you.

Justin Geldard
Chair

Manager’s Report

For year ending 30 June 2023

Dear Valued Shareholders

It is my pleasure to present my 8th Branch Managers report to our Shareholders as the Branch Manager of Community Bank Hervey Bay.

The past 12 months have one of great pride for our team with the delivery of the long awaited sleepbus project. This project was fully funded by Fraser Coast Community Enterprise Limited and delivers much needed emergency accommodation for the homeless of our area.

In addition, were able to fund a new solar system for the Fraser Coast Hospice, delivering low cost power for a wonderful facility for our region. These are just a few of the projects that as an organisation we have been able to support over the last 12 months, and we continue to look for other opportunities to make the Fraser coast a better place for all of us.

Looking at our business, we have managed to navigate the troubled waters of a pandemic and continue to grow our business both in size and profitability. We have managed growth of just over 20 mil in the past 12 months, taking our business well over the $200mil mark in total business size.

Through the Covid Pandemic, our business underwent a range of changes, improving the way we can connect with our customers. This has led to a range of innovations in the digital space, allowing us to move quickly to service our customers without the need for a physical meeting. These innovations include the use of DocuSign for application signing and upload portals for document collection to enable our customer to connect with us without needing to visit the branch.

These innovations, however, have not reduced the need for a physical presence on the ground, meaning that our staffing levels have remained as pre pandemic levels.

One of the greatest challenges facing our business currently is the ever-present threat of fraud and scams. As the complexity of these fraudsters improves, we must remain ever vigilant to the potential for loss our customers may experience. Once again digital innovation has playing a significant part in the reduction of loss events for our customers and ultimately our business, as has the ongoing training of staff on how to spot, and stop of potential scam.

Manager’s Report

For year ending 30 June 2023

Lastly, as always I remain grateful for the support our both my staff and our volunteer board. Their contribution to the business and community remain the cornerstone of our business and our continued success.

Regards

Tim Evans
Branch manager
Community Bank Hervey Bay

Bendigo & Adelaide Bank Report

August 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future - growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

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:	Justin Maxwell Geldard
Title:	Non-executive director
Experience and expertise:	Bachelor Laws and Business (Banking & Finance) from Queensland University of Technology. Admitted as practitioner of Queensland Supreme Court, High Court of Australia. Member of Family Lawyers Association and Queensland Collaborative Lawyers. President of Hervey Bay Cricket Association. Manager of Harvey Bay OzTag Representative team and Chairperson of Hervey Bay Seagulls judicial tribunal.
Special responsibilities:	Chair

Name:	Gerard Daniel O'Connell
Title:	Non-executive director
Experience and expertise:	Business Management in the Education, Motor Vehicle, Employment, Retail and Hospitality sectors. Mayor and Elected Member of Fraser Coast Regional Council. Bachelor of Business (Accounting). Bachelor of Theology. Board Member of Hervey Bay RSL and Bayswater Pty Ltd. Chair of St. Mary's Catholic Finance Committee.
Special responsibilities:	Nil

Name:	David John Lewis
Title:	Non-executive director
Experience and expertise:	Currently Councillor, Fraser Coast Regional Council and Consultant Lawyer. Previously solicitor in private practice in Hervey Bay and part-time member of QLD Civil and Administrative Tribunal, part-time lecturer USQ. Qualifications: Bachelor of Arts, Bachelor of Laws. Member Hervey Bay Boat Club Yacht Squadron. Previously President Hervey Bay City Musicians Inc.
Special responsibilities:	Human Resources Committee

Name:	Susan Mary Gordon
Title:	Non-executive director
Experience and expertise:	Susan is a registered BAS Agent, has an advanced Diploma in Accounting and is a fellow in The Institute of Certified Bookkeepers. She is a Life Member of Hervey Bay Netball Association.
Special responsibilities:	Network facilitator ICB - Wide Bay

Name:	David John Kimber
Title:	Non-executive director
Experience and expertise:	Licensed Plumber & Drainer. Involved with the Maryborough/Harvey Bay Ski Club and Hervey Bay Triathlon Club. Director of Kimber Plumbing.
Special responsibilities:	Nil

Name:	Neil Alexander Bradshaw
Title:	Non-executive director
Experience and expertise:	Neil obtained a Bachelor of Business from the University of Southern Queensland, majoring in Accounting and Marketing. At Southern Cross Austereo Neil was the Account Manager from 1996-2001 (5 years), General Sales manager from 2001-2017 (16 years) and is the current General Manager. Neil is a Council Member of the Fraser Coast Anglican College and the current Vice President of the Harvey Bay Chamber of Commerce.
Special responsibilities:	Nil

Name:	Janelle Margaret Shaw
Title:	Non-executive director
Experience and expertise:	Janelle Shaw is a partner in the Ulton Group and has many years of experience providing corporate services and taxation advice to a wide range of clients, including prominent local companies and businesses. Janelle specialises in the fields of business development, creating innovative & effective financial strategies and planning for wealth creation, as well as information technology, superannuation planning and risk management. Janelle has resided in the Fraser Coast her entire life and through this has established many local contacts in the community, especially the business sector. Having also served on many not for profit associations throughout this time. Janelle's formal qualifications and memberships include a Bachelor of Business (Professional Accountancy / End User Computing), Fellow Member of the National Institute of Accountants, Associate Member of the Institute of Financial Services, Registered Tax Agent, Commissioner for Declarations and Affiliate Member of the Institute of Chartered Accountants.
Special responsibilities:	Treasurer

Name:	Michelle Nicole Jordan
Title:	Non-executive director
Experience and expertise:	Michelle has a Bachelor of Business Management as well as qualifications in Divisional Therapy and Child Care. Michelle has been a small business operator for the past 12 years in the mining industry and news agencies. Michelle also has extensive management experience in community nursing facilities and nursing homes. Michelle is an active participant as a volunteer in a range of community activities including Hervey Bay Basketball, Central Districts Representative Committee, Hervey Bay Netball Association and Cosmos Netball Club.
Special responsibilities:	Nil

Name:	Dale Nathan Paxton
Title:	Non-executive director
Experience and expertise:	Dale is a small import business owner, on the board of directors for frontline stores, technical director of Regional Football and has a Degree in Business Management.
Special responsibilities:	Audit committee

Name:	Andrew John Broad
Title:	Non-executive director
Experience and expertise:	Hon. Andrew Broad is a business owner and experienced company director, on a range of not-for-profit and commercial boards. He is an Australian Nuffield Scholar, former Assistant Minister to the Deputy Prime Minister of Australia and Federal member of the Australian Parliament from 2013-2019. Having served as a delegate to APEC he brings extensive global experience. Graduate Australian Institute of Company Directors.
Special responsibilities:	Nil

Company secretary

The company secretary is Susan Mary Gordon. Susan was appointed to the position of company secretary on 25 November 2020.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $542,790 (30 June 2022: $58,090).

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 3 cents per share (2022: nil)	24,300

Subsequent to financial year-end, the following dividends were proposed by the directors. The dividends have not been provided for in the financial statements.

	2024 $
Fully franked dividend of 5 cents per share	40,500

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
Apart from the dividend proposed as disclosed in note 23, no other 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
Justin Maxwell Geldard	11	8
Gerard Daniel O'Connell	11	8
David John Lewis	11	5
Susan Mary Gordon	11	11
David John Kimber	11	9
Neil Alexander Bradshaw	11	9
Janelle Margaret Shaw	11	8
Michelle Nicole Jordan	11	8
Dale Nathan Paxton	11	5
Andrew John Broad	11	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
Justin Maxwell Geldard	-	-	-
Gerard Daniel O'Connell	-	-	-
David John Lewis	-	-	-
Susan Mary Gordon	-	-	-
David John Kimber	-	-	-
Neil Alexander Bradshaw	-	-	-
Janelle Margaret Shaw	-	-	-
Michelle Nicole Jordan	-	-	-
Dale Nathan Paxton	-	-	-
Andrew John Broad	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 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 provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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

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

On behalf of the directors

Justin Maxwell Geldard
Chair

30 August 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 Fraser Coast Community Enterprise Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 August 2023

Joshua Griffin
Lead Auditor

Fraser Coast Community Enterprise Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	7	1,716,335	1,105,617
Finance revenue		7,913	81
Total revenue		1,724,248	1,105,698
Employee benefits expense	8	(610,833)	(579,661)
Advertising and marketing costs		(33,405)	(23,720)
Occupancy and associated costs		(32,888)	(25,651)
System costs		(38,164)	(42,716)
Depreciation and amortisation expense	8	(102,870)	(100,828)
Finance costs	8	(31,248)	(33,370)
General administration expenses		(116,585)	(110,132)
Loss on disposal of assets		-	(7,346)
Total expenses before community contributions and income tax expense		(965,993)	(923,424)
Profit before community contributions and income tax expense		758,255	182,274
Charitable donations and sponsorships expense		(34,535)	(104,820)
Profit before income tax expense		723,720	77,454
Income tax expense	9	(180,930)	(19,364)
Profit after income tax expense for the year	21	542,790	58,090
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		542,790	58,090
		Cents	**Cents**
Basic earnings per share	29	67.01	7.17
Diluted earnings per share	29	67.01	7.17

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

Fraser Coast Community Enterprise Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	919,073	261,212
Trade and other receivables	11	155,024	91,561
Total current assets		1,074,097	352,773
Non-current assets			
Property, plant and equipment	12	261,914	254,590
Right-of-use assets	13	516,047	564,807
Intangible assets	14	37,427	50,750
Deferred tax assets	9	32,487	100,831
Total non-current assets		847,875	970,978
Total assets		1,921,972	1,323,751
Liabilities			
Current liabilities			
Trade and other payables	15	76,038	61,962
Borrowings	16	9,580	5,057
Lease liabilities	17	43,971	41,918
Current tax liabilities	9	112,586	-
Employee benefits	18	60,645	56,834
Total current liabilities		302,820	165,771
Non-current liabilities			
Trade and other payables	15	13,956	27,913
Borrowings	16	-	9,580
Lease liabilities	17	547,387	591,358
Employee benefits	18	32,006	23,091
Lease make good provision	19	27,326	26,051
Total non-current liabilities		620,675	677,993
Total liabilities		923,495	843,764
Net assets		998,477	479,987
Equity			
Issued capital	20	789,732	789,732
Retained earnings/(accumulated losses)	21	208,745	(309,745)
Total equity		998,477	479,987

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

Fraser Coast Community Enterprise Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		789,732	(367,835)	421,897
Profit after income tax expense		-	58,090	58,090
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	58,090	58,090
Balance at 30 June 2022		789,732	(309,745)	479,987

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		789,732	(309,745)	479,987
Profit after income tax expense		-	542,790	542,790
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	542,790	542,790
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(24,300)	(24,300)
Balance at 30 June 2023		789,732	208,745	998,477

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

Fraser Coast Community Enterprise Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,834,190	1,202,796
Payments to suppliers and employees (inclusive of GST)		(1,017,379)	(997,325)
Interest received		3,095	81
Interest and other finance costs paid		(550)	(5)
Net cash provided by operating activities	28	819,356	205,547
Cash flows from investing activities			
Payments for property, plant and equipment		(48,111)	(21,280)
Payments for intangibles		(12,687)	(12,687)
Net cash used in investing activities		(60,798)	(33,967)
Cash flows from financing activities			
Repayment of borrowings		(5,057)	(5,604)
Dividends paid	23	(24,300)	(24,300)
Repayment of lease liabilities	17	(71,340)	(71,340)
Net cash used in financing activities		(100,697)	(101,244)
Net increase in cash and cash equivalents		657,861	70,336
Cash and cash equivalents at the beginning of the financial year		261,212	190,876
Cash and cash equivalents at the end of the financial year	10	919,073	261,212

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

Note 1. Reporting entity

The financial statements cover Fraser Coast Community Enterprise Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 7, 55-59 Main Street, Pialba QLD 4655.

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 30 August 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

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

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.

Note 3. Significant accounting policies (continued)

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. Correction of error

The prior year financial report incorrectly classified chattel mortgages relating to motor vehicles under 'lease liabilities' and the corresponding asset under 'right-of-use assets'. Upon further analysis of *AASB 16 Leases*, the correct classification should have been under 'loans and borrowings' and 'property, plant and equipment'. We considered the discrepancy immaterial to users of the financial report, however we believe it is important to rectify the classification error. Therefore, the necessary corrections to the 2023 and 2022 disclosures have been made accordingly.

Note 6. 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 June 2026.

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 6. 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 7. Revenue from contracts with customers

	2023 **$**	**2022** **$**
Margin income	1,519,569	923,530
Fee income	84,342	77,462
Commission income	112,424	104,625
	1,716,335	1,105,617

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 7. 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
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
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 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 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	519,526	507,058
Non-cash benefits	1,359	2,047
Superannuation contributions	54,413	52,330
Expenses related to long service leave	3,357	(12,605)
Other expenses	32,178	30,831
	610,833	579,661

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	18,961	18,182
Plant and equipment	15,329	15,138
Computer equipment	-	302
Motor vehicles	6,497	5,757
	40,787	39,379
Depreciation of right-of-use assets		
Leased land and buildings	48,760	48,761
Amortisation of intangible assets		
Franchise fee	2,116	2,115
Franchise renewal process fee	11,207	10,573
	13,323	12,688
	102,870	100,828

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	3	5
Lease interest expense	29,422	31,378
Unwinding of make-good provision	1,276	1,220
Chattel mortgage interest expense	547	767
	31,248	33,370

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	14,613	19,855

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	112,586	-
Movement in deferred tax	(774)	(6,553)
Recoupment of prior year tax losses	69,118	25,917
Aggregate income tax expense	180,930	19,364
Prima facie income tax reconciliation		
Profit before income tax expense	723,720	77,454
Tax at the statutory tax rate of 25%	180,930	19,364
Income tax expense	180,930	19,364

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	-	69,118
Property, plant and equipment	(15,131)	(11,898)
Employee benefits	23,163	19,981
Provision for lease make good	6,832	6,513
Lease liabilities	147,840	158,319
Right-of-use assets	(129,012)	(141,202)
Accruals	(1,205)	-
Deferred tax asset	32,487	100,831

	2023 $	2022 $
Provision for income tax	112,586	-

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

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

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

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

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

Note 9. Income tax (continued)

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	517,484	261,212
Term deposits	401,589	-
	919,073	261,212

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	141,756	87,970
Other receivables and accruals	800	800
Accrued income	4,818	-
Prepayments	7,650	2,791
	13,268	3,591
	155,024	91,561

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

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	256,169	256,169
Less: Accumulated depreciation	(71,202)	(52,241)
	184,967	203,928
Plant and equipment - at cost	126,521	124,920
Less: Accumulated depreciation	(97,366)	(82,036)
	29,155	42,884
Motor vehicles - at cost	75,298	28,787
Less: Accumulated depreciation	(27,506)	(21,009)
	47,792	7,778
Computer equipment - at cost	1,813	1,813
Less: Accumulated depreciation	(1,813)	(1,813)
	-	-
	261,914	254,590

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

	Leasehold improvements $	Plant and equipment $	Computer equipment $	Motor Vehicle $	Total $
Balance at 1 July 2021	209,664	56,534	302	13,535	280,035
Additions	19,792	1,488	-	-	21,280
Disposals	(7,346)	-	-	-	(7,346)
Depreciation	(18,182)	(15,138)	(302)	(5,757)	(39,379)
Balance at 30 June 2022	203,928	42,884	-	7,778	254,590
Additions	-	1,600	-	46,511	48,111
Depreciation	(18,961)	(15,329)	-	(6,497)	(40,787)
Balance at 30 June 2023	184,967	29,155	-	47,792	261,914

Additions
During the financial year the company purchased a motor vehicle.

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

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

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

Leasehold improvements	1 to 15 years
Plant and equipment	1 to 40 years
Computer equipment	2.5 years
Motor vehicle	5 years

Note 12. Property, plant and equipment (continued)

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	731,405	731,405
Less: Accumulated depreciation	(215,358)	(166,598)
	516,047	564,807

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	613,568
Depreciation expense	(48,761)
Balance at 30 June 2022	564,807
Depreciation expense	(48,760)
Balance at 30 June 2023	516,047

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	21,870	21,870
Less: Accumulated amortisation	(15,528)	(13,412)
	6,342	8,458
Franchise renewal fee	109,349	109,349
Less: Accumulated amortisation	(78,264)	(67,057)
	31,085	42,292
	37,427	50,750

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	10,573	52,865	63,438
Amortisation expense	(2,115)	(10,573)	(12,688)
Balance at 30 June 2022	8,458	42,292	50,750
Amortisation expense	(2,116)	(11,207)	(13,323)
Balance at 30 June 2023	6,342	31,085	37,427

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2026

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

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

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	2,130	1,387
Other payables and accruals	73,908	60,575
	76,038	61,962
Non-current liabilities		
Other payables and accruals	13,956	27,913

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		
Chattel mortgage	9,580	5,057
Non-current liabilities		
Chattel mortgage	-	9,580

Chattel mortgage
The chattel mortgage is repayable monthly with the final instalment due on November 2023 at which time the registered security over the motor vehicle is removed. Interest is recognised at rate of 4.40% (2022: 4.40%).

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	71,340	71,340
Unexpired interest	(27,369)	(29,422)
	43,971	41,918
Non-current liabilities		
Land and buildings lease liabilities	683,675	755,015
Unexpired interest	(136,288)	(163,657)
	547,387	591,358

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	633,276	673,238
Lease interest expense	29,422	31,378
Lease payments - total cash outflow	(71,340)	(71,340)
	591,358	633,276

Maturity analysis

	2023 $	2022 $
Not later than 12 months	71,340	71,340
Between 12 months and 5 years	285,360	285,360
Greater than 5 years	398,315	469,655
	755,015	826,355

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 of variable 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 an index or rate, if the company changes its assessment of whether it will exercise an extension option, or if there is a revised in-substance fixed lease payment.

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Hervey Bay Branch	4.79%	10 years	5 years	Yes	January 2034

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	49,513	45,693
Long service leave	11,132	11,141
	60,645	56,834
Non-current liabilities		
Long service leave	32,006	23,091

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	27,326	26,051

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $45,320, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on January 2034 at which time it is expected the face-value costs to restore the premises will fall due.

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	810,000	810,000	810,000	810,000
Less: Equity raising costs	-	-	(20,268)	(20,268)
	810,000	810,000	789,732	789,732

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 225. As at the date of this report, the company had 239 shareholders (2022: 244 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. Retained earnings/(accumulated losses)

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(309,745)	(367,835)
Profit after income tax expense for the year	542,790	58,090
Dividends paid (note 23)	(24,300)	-
Retained earnings/(accumulated losses) at the end of the financial year	208,745	(309,745)

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.

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 3 cents per share (2022: nil)	24,300	-

Dividends proposed but not recognised at balance date
Since the end of the financial year, the board of directors has proposed to pay a fully franked dividend of 5 cents per share. The financial impact of the dividend, amounting to $40,500, has not been recognised in the financial statements for the financial year ended 30 June 2023, and will be recognised in the subsequent financial statements.

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	147,374	88,770
Cash and cash equivalents	919,073	261,212
	1,066,447	349,982
Financial liabilities		
Trade and other payables	89,994	89,875
Lease liabilities	591,358	633,276
Chattel mortgage	9,580	14,637
	690,932	737,788

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

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

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

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

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

Note 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. The company held cash and cash equivalents of $919,073 at 30 June 2023 (2022: $261,212).

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 $
Chattel mortgage	9,580	-	-	9,580
Trade and other payables	76,038	13,956	-	89,994
Lease liabilities	71,340	285,360	398,315	755,015
Total non-derivatives	156,958	299,316	398,315	854,589

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgage	5,057	-	-	5,057
Trade and other payables	61,962	27,913	-	89,875
Lease liabilities	71,340	285,360	469,655	826,355
Total non-derivatives	138,359	313,273	469,655	921,287

Note 25. Key management personnel disclosures

Directors
The following persons were directors of Fraser Coast Community Enterprise Limited during the financial year and up to the date of signing of these Financial Statements.

Justin Maxwell Geldard
Gerard Daniel O'Connell
David John Lewis
Susan Mary Gordon
David John Kimber
Neil Alexander Bradshaw
Janelle Margaret Shaw
Michelle Nicole Jordan
Dale Nathan Paxton
Andrew John Broad

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 $
The company leases their premises from a company one of the directors is a Board Member of.	87,506	82,890
The company used the radio and television services of a company one of the directors is the General Manager of.	8,430	8,316
The company used the bookkeeping services of one of its directors.	30,033	28,210

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 Andrew Frewin Stewart, the auditor of the company:

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,717	1,325
General advisory services	3,869	3,175
Share registry services	4,050	3,345
	9,636	7,845
	15,036	13,045

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

	2023 $	2022 $
Profit after income tax expense for the year	542,790	58,090
Adjustments for:		
Depreciation and amortisation	102,870	100,829
Net loss on disposal of non-current assets	-	7,346
Lease liabilities interest	29,422	32,145
Change in operating assets and liabilities:		
Increase in trade and other receivables	(63,463)	(12,152)
Decrease in deferred tax assets	68,344	19,364
Increase in trade and other payables	12,806	5,447
Increase in provision for income tax	112,586	-
Increase/(decrease) in employee benefits	12,726	(6,743)
Increase in other provisions	1,275	1,221
Net cash provided by operating activities	819,356	205,547

Note 29. Earnings per share

	2023 $	2022 $
Profit after income tax	542,790	58,090
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	810,000	810,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	810,000	810,000
	Cents	**Cents**
Basic earnings per share	67.01	7.17
Diluted earnings per share	67.01	7.17

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Fraser Coast Community Enterprise Limited, 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

Apart from the dividend proposed as disclosed in note 23, no other 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.

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

____
Justin Maxwell Geldard
Chair

30 August 2023

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Fraser Coast Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fraser Coast Community Enterprise Limited (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

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: 30 August 2023

Joshua Griffin
Lead Auditor

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