Annual Report 2023

Goodwood/Highgate Community Financial Services Ltd

Community Bank Goodwood

ABN 54 112 676 294

Contents

Chair's report

For year ending 30 June 2023

Overview

It is my pleasure to present the 2022-23 Annual Report of Goodwood Highgate Community Financial Services (GHCFS) colloquially known as the Community Bank Goodwood.

The GHCFS's business fortunes are changing positively. The ending of the years of interest rate deflation has created the prospect of having a greater income.

The shareholders have good reason to be pleased with the GHCFS's performance and the Board appreciates their trust in our management.

The anticipated increased income also means more to share with the community and the realisation of the community goals of GHCFS through the operation of the Community Bank Goodwood Branch (Community Bank Goodwood).

Directors

New Directors Tom Fox, Nicky Gameau and Amy Grantham have put in an outstanding effort in both learning and then participating in the processes and demands of being a GHCFS Board member. They were joined by Paul Prior in early 2023 who has jumped in the deep end with his attendance at events in the community and participation in the national conference.

Thanks also to Director Heather Brown for her community commitment and knowledgeable and supportive contributions.

GHCFS Operations

As of this AGM, GHCFS can confidently state it has successfully stared down the challenges of coping with a prolonged low-interest rate environment, the pandemic and the recent slow growth in business activity.

Responding to the prediction in early 2022 for the first loss since 2009, the Board made a series of strategic decisions to re-orientate the Community Bank Goodwood performance and operations.

GHCFS contracted a bank Mobile Lender in August 2022 and it undertook an internal restructuring of the staff.

These changes maximised the changes in the economy that saw a rise in interest rates and permitted an increase in the earnings capacity and diversity of the banking operations.

In 2021-22 the Margins were 0.9 %. As of July 2022, the monthly margins rose to 1.32% and peaked at 1.98% in March 2023, tapering off thereafter to 1.53% in July 2023.

This growth was underpinned by the increase in footings by almost $10 million from a $111 million base at the end of 2021-22. This 9% increase was a significant achievement by the Branch Manager and his staff.

While there has been a benefit to the Branch, it is nonetheless unjust that there is such a reliance on home loan interest rates, which fall on a narrow band in our society, to provide most "lift" to curtail inflation. Especially when there are so many rises over a short period, and, as evidence is starting to emerge, there may have been too many increments.

Sadly, such observations have been made since the setting up of central banks and policymakers have yet to properly heed calls to find alternatives to such a blunt instrument.

Chair’s report (continued)

Strategic Planning

Led by Paul Rains, GHCFS has completed a significant planning process and has embarked on meeting the targets set in that process. An important aspect was the refresh of the Branch, and the evidence of change can be seen in the new livery and the Branch presentation to Goodwood Road – the Mural.

Importantly the GHCFS has finally settled a five-year lease and has a “home”.

As part of this planning, the Board reviewed its requirements to function in the modern world of banking. It has engaged Paul Mertin as a consultant to undertake a Board Structural Review to define and recommend directions on a proposition to restructure to have a professional (paid) Chair and Board.

The position of the Chair is critical. It is a position relatively undefined in the Articles of Association but in working with the Manager and acting as the first among equals (the Board), the Chair makes a critical input into realising a successful Community Bank.

The report will be presented at this (2022-23) AGM.

Thanks

The Board thanks Shane Chamings, our Branch Manager for his outstanding work as manager and general PR and marketing person of the bank.

Shane’s team is thanked as it has again shown commitment, resilience, and skill in providing the service required to meet the expectations of a Community Bank

I would also like to thank Anthony Heinrich for his liaison with me as Chair and his support of the Branch Manager; similarly the work of Paul Rains and other supporting Bendigo and Adelaide Bank staff.

Thanks also to Diana Jukes, the Company Secretary, Treasurer, minute taker, author of reports and shield in liaising with Bendigo and Adelaide Bank and the multiplying statutory bureaucracy; both of which grow in complexity with each new piece of legislation.

Summing up, 2022-23 has been a progressive year. The Directors and staff have settled on the tasks of managing and implementing the big picture and realising the minutiae of being a successful and well-regarded Community Bank.

A special thanks to long-term but now ex-director Susan Straschko, the last of the original Board members. Her insightful proposals and her polite reviews of actions and decisions of the Board were always well argued and counter suggestions (where merited) were always graciously accepted.

New Directions

I will not be standing for the Board this AGM. I have been involved in the GHCFS since its foundation process over 20 years ago.

I have been Chair more times than not. It has always been a privilege to be so and when not, I have enjoyed being part of the Board making things happen.

Nevertheless, it is time for a “Bran Nue Dae”, and I went home a bit more often.

Anthony Michael Keenan
Chair

Manager's report

For year ending 30 June 2023

I'm delighted to prepare the Goodwood / Highgate Community Financial Services Ltd 2022/23 Manager's report.

I commenced in the position of Branch Manager in October of 2019 and am heading into my fourth year in 2023. What a journey it's been thus far, filled with ups and downs and highs and lows, as we saw the back end of the Global Pandemic, and faced a new challenge of rising interest rates. A statement that comes to mind to best describe the past year is Reward and Recognition. Recognition from our customers new and existing, continuing to talk with their feet and continuing to support and trust their local Community Bank Goodwood, with their banking and financial needs. Reward in a bright new refreshed branch for our customers and staff to enjoy.

We have continued to grow and adapt as a team. We grew stronger, committing to each other to build as a group with a combined focus, energy and an open mind.

We continued to strengthen our relationships with the Clubs that we are associated with both financially and actively, as well as broaden our horizons in bringing on new clubs and associations to partner with. We were able to support the Unley Rotary Club with the purchase of a New Trailer, that will enable them to transport goods and services to their many volunteer events within our Community. We continued to attend functions to further spread "our story" and create advocates to share that story and spread the word about our Goodwood Community Bank. This financial year saw us allow for an increased amount of $60,000 to contribute back into our local communities across various charitable donations, sponsorships and grants. These community contributions totalled $38,276 for 2022/23 with the remaining portion to be invested back into the local communities through further charitable donations, sponsorships and grants in 2023/24. I continued in my role as Chairperson of the Goodwood Road Traders Association, which continues to provide a network and connection to the Businesses and Business Owners of the Goodwood precinct, which has increased the number of businesses utilising our services.

Financially in this financial year we saw an increase to the funds transfer pricing rate, which saw our margin income on the increase. With this increase and a continued focus on expenditure lines, this saw us back in the black with a record both in turnover (of just over $1 million) and profit (of $162,000), which has allowed for our refresh, continued support into the community by way of sponsorship and dividends back to our shareholders.

I look forward to the new financial year with excitement, a chance to solidify our branch staff team and collectively work towards our combined goals, to increase our overall business growth through exemplary customer focus and service, adapt to the changing ways in which we connect with our customers and shareholders, and how they do business with us.

In conclusion, I would like to thank every person who has supported our Community Bank and invite others in the local community to come in and share our unique banking experience. In the ever-changing face of banking we are here for you and here to help.

Shane Chamings
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 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.

Justine Minne
Bendigo and Adelaide Bank

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:	Anthony Michael Keenan
Title:	Non-executive director
Experience and expertise:	Holds B.A.; Dip. Ed.; B.Ed.;M. Ed.; Workplace Trainer IV (cat.2); Certificate Director (UCLA); Grad. Certificate Public Relations; GIA.(cert). Executive Officer- Club One (SA) Ltd (2006-present); Mayor Unley 1991-2006:Unley Councillor 1982-1991. Chairperson for Goodwood Community Services (1981-2011:2015-present). Centenary Medal; Paul Harris Fellow.
Special responsibilities:	Chair 1 Jan 2022 to present.

Name:	Heather Annie Brown
Title:	Non-executive director
Experience and expertise:	Heather has a Diploma of Management and a Honours Bachelor of Arts (Major Literature, Politics, Indigenous Knowledge). She has been a Senior Team Leader for the Red Cross Disaster Response Team since 2000, and was a Local Councillor for the Unley City Council for 11 years from 1990-2001. She has completed Honours English from Charles Deakin University. Her work background includes roles as an Assistant Accountant for Michell Wool Brokers, British Aerospace, Business SA and Senior Team Leader for the Commonwealth Government of a team of 15-20 staff until retirement in 2012. She has expertise in workplace health and safety, human resources, policies and procedures, customer services, accounting, secretarial services and working with the aged and disabled. Heather is President of the Disability Volleyball (SA) Inc. both State and National, promoting and establishing sport for the disabled. She also mentors student at Unley High School.
Special responsibilities:	Chair sub-committee, Unley Project

Name:	Thomas Michael Fox
Title:	Non-executive director
Experience and expertise:	Thomas holds a Bachelor of Engineering (hons), Bachelor of Commerce from the University of Auckland and a Master of Business Administration from the University of Adelaide. Thomas is a Chartered Engineer with Engineers Australia and a graduate member of the Australian Institute of Company Directors. Thomas has held various roles at Santos Ltd (2013-Present) including technical engineering, market analysis and most recently as Corporate Development Advisor.
Special responsibilities:	Deputy Chair November 2022 to present

Name:	Nicole Juliette Gameau
Title:	Non-executive director
Experience and expertise:	Nicole is an Executive Director of Marketing and Communication at Hill-Smith Family Estates from 2018 to present and was an Adelaide Hills Wine Region Executive from 2015 to 2017. Completed Australian Institute of Company Directors course in 2017 and Governor's Leadership Foundation Course in 2015. Nicole also has a Bachelor of Commerce from Adelaide University and a Bachelor of Business (Marketing) (Hons) from University of South Australia.
Special responsibilities:	Deputy Chair November 2022 to present

Name:	Amy Elizabeth Grantham
Title:	Non-executive director (appointed 20 July 2022)
Experience and expertise:	Amy is the owner and Director of Cellmed. Cellmed is a medical technology business supporting the medical profession with service and products nationally. She has a proven business background in the medical space for 30+ years. Amy has completed 'Professional Management Program' at the University of Adelaide 2007 and is a certified Autotransfusionist (ABCP, Australasian Board Cardiovascular Perfusion)2017. A corporate member of the SA Biomedical Society SA, 2006 - current.
Special responsibilities:	Nil

Name:	Paul Thomas Prior
Title:	Non-executive director (appointed 24 November 2022)
Experience and expertise:	Paul is the company owner of Strategic Consultancy Business. Has been a senior manager of numerous FMCG companies over 35 years and is active in the local community with sporting club boards.
Special responsibilities:	Nil

Name:	Giuliano Vito Rech
Title:	Non-executive director (resigned 24 November 2022)
Experience and expertise:	Giuliano is the recently retired Managing Director of Electronic Corporation Pty Ltd., a company which provided electronics and IT equipment repair services through various trading entities, including the South Australian icon television repair company Telefix. Giuliano has board experience in the Banking and Financial Services industry. Giuliano has a Master of Business Administration, is a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Managers and Leaders, a Senior Member of the Australian Computer Society. Giuliano is also a director of the Commercial Representatives and Agents of Australia Ltd.
Special responsibilities:	Deputy Chair/ Chair 1 Jan 2022 to 24 November 2022

Name:	Danielle Arnfield
Title:	Non-executive director (resigned 18 January 2023)
Experience and expertise:	Danielle is an experienced in-house legal counsel with over 10 years' experience. She has worked in various industries over her career and is currently the Senior Legal Counsel at global wine company, Accolade Wines. She has also had significant experience in developing and rolling out strategies; as well as experience in internal communications and corporate social responsibility and procurement. She has previously sat on the national board for the Association of Corporate Counsel and was President of the SA Division. She holds a Bachelor of Laws and Legal Practice from Flinders University and an MBA from Adelaide University as well as having completed various leadership courses.
Special responsibilities:	Nil

Name:	Susan Patricia Straschko
Title:	Non-executive director (resigned 1 June 2023)
Experience and expertise:	Susan has owned and operated a community pharmacy that specialises in supplying medication to 10 aged care facilities. Susan is Chairperson of the Fullarton Road South Trader's Association Inc. and a member of the Unley Business and Economic Development Committee.
Special responsibilities:	Member of Marketing Committee

Name:	Erica Robyn Thomas
Title:	Non-executive director (appointed 15 May 2022 and resigned 28 July 2022)

Name:	Sonya Jane Kelly Weiser
Title:	Non-executive director (appointed 7 December 2021 resigned 3 July 2022)

Name:	Pia Anne Maria Bentick
Title:	Non-executive director (appointed 7 December 2021 resigned 3 July 2022)

Company secretary
The Company secretary is Diana Jukes. Diana was appointed to the position of Company secretary on 22 November 2012.

Experience and expertise:	Before retiring Diana worked as the Financial Manager for the local farmers market and has lived in Goodwood for over 26 years. She holds a Bachelor of Economics from The University of Adelaide.

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 $161,557 (30 June 2022: loss of $63,344).

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% during the financial year moving from 0.85% to 3.85% 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.

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 2 cents per share (2022: 2 cents)	16,356

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

	2023 $
Unfranked dividend of 2 cents per share	16,356

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 declared as discussed above, 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
Anthony Michael Keenan	11	11
Heather Annie Brown	11	11
Thomas Michael Fox	11	10
Nicole Juliette Gameau	11	8
Amy Elizabeth Grantham	10	6
Paul Thomas Prior	6	4
Giuliano Vito Rech	4	4
Danielle Arnfield*	-	-
Susan Patricia Straschko	10	9
Erica Robyn Thomas	-	-
Sonya Jane Kelly Weiser	-	-
Pia Anne Maria Bentick	-	-

*Leave of absence from January 2022 - December 2022, resigned January 2023

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

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

	Balance at the start of the year	Changes	Balance at the date of this report
Anthony Michael Keenan	600	-	600
Heather Annie Brown	900	-	900
Thomas Michael Fox	-	-	-
Nicole Juliette Gameau	-	-	-
Amy Elizabeth Grantham	-	-	-
Paul Thomas Prior	-	600	600
Giuliano Vito Rech	400	-	400
Danielle Arnfield	500	-	500
Susan Patricia Straschko	10,001	-	10,001
Erica Robyn Thomas	-	-	-
Sonya Jane Kelly Weiser	-	-	-
Pia Anne Maria Bentick	-	-	-

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 25 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
- none of the services undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out 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

Anthony Michael Keenan
Chair

23 August 2023

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Goodwood/Highgate Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 August 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Goodwood/Highgate Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,033,812	504,195
Other revenue		10,000	15,400
Finance revenue		8,998	1,705
Total revenue		1,052,810	521,300
Employee benefits expense	8	(524,133)	(398,549)
Advertising and marketing costs		(4,107)	(413)
Occupancy and associated costs		(35,495)	(17,050)
System costs		(17,855)	(18,512)
Depreciation and amortisation expense	8	(50,576)	(51,187)
Finance costs	8	(19,676)	(16,868)
General administration expenses		(82,555)	(75,856)
Loss on disposal of assets	7	(63,575)	-
Total expenses before community contributions and income tax expense		(797,972)	(578,435)
Profit/(loss) before community contributions and income tax (expense)/benefit		254,838	(57,135)
Charitable donations and sponsorships expense		(38,726)	(26,859)
Profit/(loss) before income tax (expense)/benefit		216,112	(83,994)
Income tax (expense)/benefit	9	(54,555)	20,650
Profit/(loss) after income tax (expense)/benefit for the year	19	161,557	(63,344)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		161,557	(63,344)
		Cents	**Cents**
Basic earnings per share	27	19.75	(7.75)
Diluted earnings per share	27	19.75	(7.75)

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

Goodwood/Highgate Community Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	693,479	438,323
Trade and other receivables	11	82,943	53,551
Current tax assets	9	-	1,614
Total current assets		776,422	493,488
Non-current assets			
Property, plant and equipment	12	149,177	82,948
Right-of-use assets	13	355,959	430,625
Intangible assets	14	24,660	38,217
Deferred tax assets	9	4,276	38,308
Total non-current assets		534,072	590,098
Total assets		1,310,494	1,083,586
Liabilities			
Current liabilities			
Trade and other payables	15	202,779	64,362
Lease liabilities	16	16,226	26,156
Current tax liabilities	9	20,079	-
Employee benefits	17	27,622	23,574
Total current liabilities		266,706	114,092
Non-current liabilities			
Trade and other payables	15	15,131	30,264
Lease liabilities	16	377,310	428,816
Employee benefits	17	13,172	10,154
Lease make good provision		9,936	17,222
Total non-current liabilities		415,549	486,456
Total liabilities		682,255	600,548
Net assets		628,239	483,038
Equity			
Issued capital	18	802,691	802,691
Accumulated losses	19	(174,452)	(319,653)
Total equity		628,239	483,038

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

Goodwood/Highgate Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		802,691	(239,953)	562,738
Profit after income tax expense		-	(63,344)	(63,344)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(63,344)	(63,344)
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(16,356)	(16,356)
Balance at 30 June 2022		802,691	(319,653)	483,038

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		802,691	(319,653)	483,038
Profit after income tax expense		-	161,557	161,557
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	161,557	161,557
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(16,356)	(16,356)
Balance at 30 June 2023		802,691	(174,452)	628,239

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

Goodwood/Highgate Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,108,981	545,217
Payments to suppliers and employees (inclusive of GST)		(789,114)	(559,312)
Interest received		7,662	1,284
Income taxes refunded		1,170	1,745
Net cash provided by/(used in) operating activities	26	328,699	(11,066)
Cash flows from investing activities			
Payments for intangible assets		(13,756)	(13,756)
Net cash used in investing activities		(13,756)	(13,756)
Cash flows from financing activities			
Dividends paid	21	(16,356)	(16,356)
Repayment of lease liabilities	16	(43,431)	(41,170)
Net cash used in financing activities		(59,787)	(57,526)
Net increase/(decrease) in cash and cash equivalents		255,156	(82,348)
Cash and cash equivalents at the beginning of the financial year		438,323	520,671
Cash and cash equivalents at the end of the financial year	10	693,479	438,323

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 97 Goodwood Road, Goodwood South Australia 5034.

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

If the recoverable amount of an asset (or cash-generating unit) 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 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.

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.

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

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

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	959,393	428,667
Fee income	41,435	41,476
Commission income	32,984	34,052
	1,033,812	504,195

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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 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 7. Loss on disposal of assets

	2023 $	**2022 $**
Loss on disposal of non-current assets	63,575	-

During the year the company completed a re-fit of the branch. As a result, the assets associated with the previous fit out have been disposed of. This disposal has resulted in a loss on disposal expense for the financial year which was the carrying value of the assets at the time of disposal.

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	427,307	330,182
Superannuation contributions	44,465	32,228
Expenses related to long service leave	5,476	(1,326)
Other expenses	46,885	37,465
	524,133	398,549

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	6,875	5,931
Plant and equipment	204	679
Computer equipment	242	338
	7,321	6,948
Depreciation of right-of-use assets		
Leased land and buildings	29,698	30,683
Amortisation of intangible assets		
Franchise fee	2,261	2,259
Franchise renewal fee	11,296	11,297
	13,557	13,556
	50,576	51,187

Finance costs

	2023 $	2022 $
Lease interest expense	19,036	16,270
Unwinding of make-good provision	640	598
	19,676	16,868

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	6,626	6,682

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/(benefit)		
Current tax	20,522	-
Future income tax benefit attributable to losses	-	(16,268)
Recoupment of prior year tax losses	22,073	-
Movement in deferred tax	11,960	(4,382)
Aggregate income tax expense/(benefit)	54,555	(20,650)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	216,112	(83,994)
Tax at the statutory tax rate of 25%	54,028	(20,999)
Tax effect of:		
Non-deductible expenses	527	349
Income tax expense/(benefit)	54,555	(20,650)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	-	22,072
Property, plant and equipment	(17,362)	(3,234)
Employee benefits	10,199	8,432
Provision for lease make good	2,484	4,306
Accrued expenses	-	750
Lease liabilities	98,384	113,743
Right-of-use assets	(88,990)	(107,656)
Accrued income	(439)	(105)
Deferred tax asset	4,276	38,308

	2023 $	2022 $
Income tax refund due	-	1,614

	2023 $	2022 $
Provision for income tax	20,079	-

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.

Note 9. Income tax (continued)

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	287,299	50,324
Term deposits	406,180	387,999
	693,479	438,323

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	77,154	45,597
Accrued income	1,757	421
Prepayments	4,032	7,533
	5,789	7,954
	82,943	53,551

Other payables and accruals

The company underwent a branch fit out during the period. At the reporting date, this amount had not yet been paid and a liability exists.

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 $
Leasehold improvements - at cost	149,803	143,957
Less: Accumulated depreciation	(12,267)	(62,325)
	137,536	81,632
Plant and equipment - at cost	69,319	107,588
Less: Accumulated depreciation	(58,017)	(107,289)
	11,302	299
Computer equipment - at cost	1,450	3,533
Less: Accumulated depreciation	(1,111)	(2,516)
	339	1,017
	149,177	82,948

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 $	Total $
Balance at 1 July 2021	87,563	978	1,355	89,896
Depreciation	(5,931)	(679)	(338)	(6,948)
Balance at 30 June 2022	81,632	299	1,017	82,948
Additions	125,918	11,207	-	137,125
Disposals	(63,139)	-	(436)	(63,575)
Depreciation	(6,875)	(204)	(242)	(7,321)
Balance at 30 June 2023	137,536	11,302	339	149,177

Additions
During the financial year the company completed a re-fit at the branch and disposed of old assets that were either replaced or no longer in use.

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 diminishing value and 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	5 to 24 years
Plant and equipment	2 to 10 years
Computer equipment	4 to 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.

Note 12. Property, plant and equipment (continued)

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. The company's review of estimates resulted in changes in the useful life of some of the branch leasehold improvements. These changes did not have a material affect on the depreciation expense.

Note 13. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	821,984	866,953
Less: Accumulated depreciation	(466,025)	(436,328)
	355,959	430,625

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	443,186
Remeasurement adjustments	18,122
Depreciation expense	(30,683)
Balance at 30 June 2022	430,625
Remeasurement adjustments	(44,968)
Depreciation expense	(29,698)
Balance at 30 June 2023	355,959

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	93,567	93,567
Less: Accumulated amortisation	(89,457)	(87,196)
	4,110	6,371
Franchise renewal fee	167,836	167,836
Less: Accumulated amortisation	(147,286)	(135,990)
	20,550	31,846
	24,660	38,217

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	8,630	43,143	51,773
Amortisation expense	(2,259)	(11,297)	(13,556)
Balance at 30 June 2022	6,371	31,846	38,217
Amortisation expense	(2,261)	(11,296)	(13,557)
Balance at 30 June 2023	4,110	20,550	24,660

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)	August 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	August 2025

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

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

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	-	3,655
Other payables and accruals	202,779	60,707
	202,779	64,362
Non-current liabilities		
Other payables and accruals	15,131	30,264

Other payables and accruals
During the financial year the company completed a re-fit at the branch. At the reporting date, $137,125 was still owing and recongised as a liability in the above.

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

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

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	44,225	41,840
Unexpired interest	(27,999)	(15,684)
	16,226	26,156
Non-current liabilities		
Land and buildings lease liabilities	589,667	533,462
Unexpired interest	(212,357)	(104,646)
	377,310	428,816

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	454,972	461,749
Remeasurement adjustments	(37,041)	18,123
Lease interest expense	19,036	16,270
Lease payments - total cash outflow	(43,431)	(41,170)
	393,536	454,972

Note 16. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	44,225	41,840
Between 12 months and 5 years	176,900	167,361
Greater than 5 years	412,767	366,101
	633,892	575,302

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on 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
Branch	7.25%	5 years	2 x 5 years	Yes	October 2037

Remeasurement adjustments
During the period the company entered into a revised lease arrangement which resulted in an extra 19 months in the estimated lease term. The monthly rent also increased. As such an adjustment was required for the remeasurement of the lease liability, right-of-use asset and lease make good provision. A revised incremental borrowing rate of 7.25% (Previous: 3.54%) was applied to discount future payments to their present value.

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	24,317	17,206
Long service leave	3,305	6,368
	27,622	23,574
Non-current liabilities		
Long service leave	13,172	10,154

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 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	817,810	817,810	817,810	817,810
Less: Equity raising costs	-	-	(15,119)	(15,119)
	817,810	817,810	802,691	802,691

Note 18. Issued capital (continued)

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:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

Note 18. Issued capital (continued)

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

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

Note 19. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(319,653)	(239,953)
Profit/(loss) after income tax (expense)/benefit for the year	161,557	(63,344)
Dividends paid (note 21)	(16,356)	(16,356)
Accumulated losses at the end of the financial year	(174,452)	(319,653)

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 21. Dividends

Dividends provided for and paid during the period
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 2 cents per share (2022: 2 cents)	16,356	16,356

Note 21. Dividends (continued)

Dividends proposed but not recognised at balance date
Since the end of the financial year, the board of directors have declared and paid an unfranked dividend of 2 cents per share. The financial impact of the dividend, amounting to $16,356, 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 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	78,911	46,018
Cash and cash equivalents	693,479	438,323
	772,390	484,341
Financial liabilities		
Trade and other payables	217,910	94,626
Lease liabilities	393,536	454,972
	611,446	549,598

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.

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. The company held cash and cash equivalents of $693,479 at 30 June 2023 (2022: $438,323).

Note 22. Financial instruments (continued)

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 was rated BBB+ on Standard & Poor's credit ratings.

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	202,779	15,131	-	217,910
Lease liabilities	44,225	176,900	412,767	633,892
Total non-derivatives	247,004	192,031	412,767	851,802

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	64,362	30,264	-	94,626
Lease liabilities	41,840	167,361	366,101	575,302
Total non-derivatives	106,202	197,625	366,101	669,928

Note 23. Key management personnel disclosures

The following persons were directors of Goodwood/Highgate Community Financial Services Limited during the financial year:

Anthony Michael Keenan
Heather Annie Brown
Thomas Michael Fox
Nicole Juliette Gameau
Amy Elizabeth Grantham
Paul Thomas Prior
Giuliano Vito Rech
Danielle Arnfield
Susan Patricia Straschko
Erica Robyn Thomas
Sonya Jane Kelly Weiser
Pia Anne Maria Bentick

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 24. Related party transactions

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

Note 25. 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	5,210
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,670	2,500
Share registry services	5,311	4,630
	9,641	7,730
	15,041	12,940

Note 26. Reconciliation of profit/(loss) after income tax to net cash provided by/(used in) operating activities

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	161,557	(63,344)
Adjustments for:		
Depreciation and amortisation	50,576	51,187
Net loss on disposal of non-current assets	63,575	-
Lease liability interest	19,036	16,270
Change in operating assets and liabilities:		
Increase in trade and other receivables	(29,392)	(25,835)
Decrease in income tax refund due	1,614	1,744
Decrease/(increase) in deferred tax assets	34,032	(20,649)
Increase/(decrease) in trade and other payables	(85)	22,787
Increase in provision for income tax	20,079	-
Increase in employee benefits	7,066	6,176
Increase in other provisions	641	598
Net cash provided by/(used in) operating activities	328,699	(11,066)

Note 27. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	161,557	(63,344)

Note 27. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	817,810	817,810
Weighted average number of ordinary shares used in calculating diluted earnings per share	817,810	817,810

	Cents	Cents
Basic earnings per share	19.75	(7.75)
Diluted earnings per share	19.75	(7.75)

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

Note 28. Commitments

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

Note 29. Contingencies

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Note 30. Events after the reporting period

Apart from the dividend declared as disclosed in note 21, 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.

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

Anthony Michael Keenan
Chair

22 August 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Goodwood/Highgate Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Goodwood/Highgate Community Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Goodwood/Highgate Community Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
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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: 23 August 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

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