

# Annual Report 2023

Heywood & District Community  
Enterprise Limited

Community Bank  
Heywood & District

ABN 25 137 222 345

**HEYWOOD & DISTRICT  
COMMUNITY ENTERPRISE LTD  
ABN 25 137 222 345**

**2023  
ANNUAL  
REPORT**

**Community Bank  
Heywood & District**

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# Chairman's Report

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Welcome everyone. This will be my last duty as Chairman of Heywood & District Community Enterprises Limited as I will not be seeking reelection. It has been a pleasure being a director for 9 years and Chairing the Board for the past 4 years I've enjoyed great support from the Board. We have had to negotiate a few obstacles as we have worked our way through the Covid pandemic, a booming property market and now a return to a higher inflation and interest rate economy.

We have lost several experienced staff members. Only Sarah remains from the staff that were present when I took on the Chairmanship. This year Jen Todd our inaugural Branch Manager retired from the role after 13 years. Jen has grown the business from nothing to a bank which holds 110 million in footings. A fantastic effort, she has left a legacy for this community that should not go unrecognized. Jen, we thank you from the bottom of our hearts.

Additions to our staff this year include Aaron Welfare who has taken on the role of Branch Manager. He is a first time manager; he is young and energetic, has a background in lending with Bendigo Bank Portland. An approachable young man who knows the business and will grow the businesses into the future I'm confident we have made a good appointment with Aaron.

Bec Holmes, joined the team in October last year, with a range of experience in business and customer service. She enjoys the challenge of Community Banking and has recently been promoted to Customer Relationship Officer. A great appetite for learning the business and a passion for what Community Bank Heywood & District can achieve in the area. I'm pleased that she has joined our team.

Gracey Jeffcoat has also joined our team. Gracey has settled into the team well, she has experience in banking and shares her time between our branch and Heywood Rural Health. She is active in the Heywood community and is a terrific appointment. What we want now is for this team to stay together, grow the business together and for them to become the familiar faces that customers know and trust.

At a Board level we farewelled Tracey Van Smale whose work and family commitments meant she could no longer dedicate the time to the Board. Tracey hit the ground running being ideally suited to the publicity role having a background in advertising. With Tracey's resignation we had 2 vacancies on the Board. We approached Phil Saunders and Julie Frost, to gauge their interest in becoming Directors. They attended several meetings to see if their interest would turn into a desire to join our Board. It has and they face election from shareholders. Both have skills and experience that will benefit the Board for years to come.



The Community Bank business has continued to perform well. The higher interest rates have contributed to increased revenue while the branch continues to maintain its loans and deposit balances. On the back of that performance, the Company was able to pay a 5 cent per share dividend which was paid in August. It is pleasing to be able to return something to the shareholders. Increasing interest rates has meant an increase in revenue to the Company. A record profit is anticipated (at time of writing) for Heywood & District Community Enterprise Limited for the Financial year ending June 2023. Increased profits mean we can return those to the community. If your involved in a Community Group, we are here to help and support you with projects both big and small.

I would like to thank the Board once again for their support throughout my journey, for trusting me with the role of Chair. I still think the best decision I made as Chair was to invite our Secretary Robyn to rejoin the Board. We have worked well together and negotiated a few hurdles along the way.

Finally, I'd like to pay tribute to the original Steering Committee. Had it not been for you and the work done to secure the franchise with Bendigo Bank we wouldn't be here. The town wouldn't have a bank and the profits that we are seeing now wouldn't be available for community projects. It has taken longer than we had hoped but we find ourselves in a strong position now.

A handwritten signature in black ink, appearing to read 'John Mitchell', with a large, sweeping flourish at the end.

John Mitchell  
Chairman

# Branch Manager's Report

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Staffing changes within the branch and significant challenges within the banking industry, have resulted in 2022-2023 being a challenging year for Community Bank Heywood & District. Unprecedented interest rate rises over the financial year have caused two very distinct scenarios for our mortgage holders and our deposit customers. As a result, there has been negative growth in our lending book, while our deposit book has continued to grow with more attractive rate for investors.

During the year there have been many staff changes within the branch, most significant is the departure of the long-term Branch Manager Jen, who departed after 13 years of service with Community Bank Heywood & District. I would like to acknowledge and thank Jen for her dedication and commitment to helping our customers and community from the very beginning.

Other staffing changes occurred both internally and externally; 4 staff members have started in new roles since March. I would also like to thank Angel, Bec, Sarah and Gracie for being willing and able to adapt to these changes since I started.

In the new year our focus will be building the capability of individuals within the team and the team as a whole. I am excited for the year ahead, as the team grows in capability and continues to achieve great outcomes for customers.

We will also continue to be a visible part of the community. We have a great point of difference with the Community Bank model, and I am sure I can speak for all staff when I say we are proud to work for a company that gives so much back to our local community.

Lastly, I would like to thank the board of Directors for giving me an opportunity to be part of this team and for making me feel welcome, especially in my first 2 months in the position.

Thank you also to all our valued customers whose continued support allows us to make a real difference in our community.

Thank you.



Aaron Welfare  
Branch Manager

# Bendigo and Adelaide Bank Report

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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**



# Heywood & District Community Enterprise Ltd

ABN: 25 137 222 345

Financial Report for the year ended 30 June 2023

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## Heywood & District Community Enterprise Ltd

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## Heywood & District Community Enterprise Ltd

### Directors' Report

For the year ended 30 June 2023

The Directors present their report, together with the financial statements, on Heywood & District Community Enterprise Ltd for the financial year ended 30 June 2023.

### Board of Directors

The following persons were Directors of Heywood & District Community Enterprise Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

#### JOHN MITCHELL

Title: Chair

Qualifications:

Experience & Expertise: Farmer

#### ROBYN PHILLIPS

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Customer Relations Manager - Wannan Water, Member of Heywood Community Bank Steering Committee, Office bearer with various community groups including Heywood Football Netball Club, Heywood Wood Wine & Roses Committee.

#### ANN DICKSON

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Retired Primary Teacher, Past President Rotary Club of Portland Bay, Chari of Portland Community Mealshare, Secretary Heywood Golf Club, Secretary Glenelg Veteran Golfers Association, Council member of St John's Lutheran Primary School Portland, Committee member of Portland Cable Trams.

#### DESMON NEWTON GRAY

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Company Director - Heywood Hardware, Member of Heywood Community Bank Steering Committee, Foundation Secretary and life member Heywood Apex, 23 years member of Heywood Football Netball Club.

#### GREGORY PHILLIP COLLIVER

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Farmer, Member of Heywood Community Bank Steering Committee, Life member of Heywood Apex, CFA past president, Secretary and Branch delegate of VFF.

#### ANDREW GEORGE MCRAE

Title: Non-Executive Director

Qualifications: Dairy Farm Management

Experience & Expertise: Dairy Farmer, Member of Heywood Community Bank Steering Committee, 8 years Secondary School Council, President of UDF.

#### ANDREW CAIN

Title: Non-Executive Director

Qualifications:

Experience & Expertise: Twenty two years in agriculture, 14 years owner and manager beef and lamb farms.



# Heywood & District Community Enterprise Ltd

## Directors' Report

For the year ended 30 June 2023

### ANDREW LEGG

Title:	Non-Executive Director
Qualifications:	Advanced Diploma of Agriculture
Experience & Expertise:	16 years roof tiler, 30 years Dairy Farmer, 15 years CFA, 20 years community Santa, 6 years mentoring at Heywood Secondary College, 5 years Heywood Cemetery Trust.

### TRACEY VAN SMALE (Resigned 24/05/2023)

Title:	Non-Executive Director
Qualifications:	
Experience & Expertise:	

### PHIL SAUNDERS (Appointed 24/05/2023)

Title:	Non-Executive Director
Qualifications:	
Experience & Expertise:	Farmer, Life Governor of Heywood Rural Health, Past Chair Heywood Rural Health, Past Director of Gleenlg Hopkins Catchment Management Authority, Independent member Glenegl Council Audit and Risk Committee, Director Seaview House.

### JULIE FROST (Appointed 24/05/2023)

Title:	Non-Executive Director
Qualifications:	
Experience & Expertise:	

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

No Directors have material interests in contracts or proposed contracts with the Company.

### Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings	
	A	B
JOHN MITCHELL	11	11
ROBYN PHILLIPS	10	11
ANN DICKSON	11	11
DESMON NEWTON GRAY	11	11
GREGORY PHILLIP COLLIVER	10	11
ANDREW GEORGE MCRAE	10	11
ANDREW CAIN	10	11
ANDREW LEGG	6	11
TRACEY VAN SMALE (Resigned 24/05/2023)	3	9
PHIL SAUNDERS (Appointed 24/05/2023)	2	2
JULIE FROST (Appointed 24/05/2023)	2	2

A - The number of meetings attended.

B - The number of meetings eligible to attend.

- - Not a member of that committee.



## Heywood & District Community Enterprise Ltd

### Directors' Report

For the year ended 30 June 2023

#### Company Secretary

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

#### ROBYN PHILLIPS

##### Qualifications:

Experience & Expertise: Customer Relations Manager - Wannan Water, Member of Heywood Community Bank Steering Committee, Office bearer with various community groups including Heywood Football Netball Club, Heywood Wood Wine & Roses Committee

#### Principal Activities

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

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

#### Operating Results

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

	30 June 2023 (\$)	30 June 2022 (\$)	Movement
<b>Profit After Tax</b>	242,551	87,571	177%

#### 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.

#### Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2022	Changes During the Year	Balance at 30 June 2023
JOHN MITCHELL	8,001	-	8,001
ROBYN PHILLIPS	501	-	501
ANN DICKSON	1	500	501
DESMON NEWTON GRAY	61,001	-	61,001
GREGORY PHILLIP COLLIVER	11,001	1,000	10,001
ANDREW GEORGE MCRAE	35,001	-	35,001
ANDREW CAIN	1	2,000	2,001
ANDREW LEGG	1	-	1
TRACEY VAN SMALE (Resigned 24/05/2023)	-	1	1
PHIL SAUNDERS (Appointed 24/05/2023)	-	-	-
JULIE FROST (Appointed 24/05/2023)	-	1	1



# Heywood & District Community Enterprise Ltd

## Directors' Report

For the year ended 30 June 2023

### Dividends

During the financial year, the following dividends were provided for and not paid. The dividends have been provided for in the financial statements.

	Cents per Share	Total Amount (\$)
Final unfranked dividend	0.05	\$36,503
<b>Total Amount</b>	<b>0.05</b>	<b>\$36,503</b>

### Options

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

### Significant Changes in the State of Affairs

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

### Events Since the end of the Financial Year

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

### Likely Developments

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

### Environmental Regulations

The Company is not subject to any significant environmental regulation.

### Indemnification & Insurance of Directors & Officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an auditor of the company or a related body corporate.

### Proceedings on Behalf of the Company

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

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



# Heywood & District Community Enterprise Ltd

## Directors' Report

For the year ended 30 June 2023

### Non-audit Services

The Company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (RSD Audit) for audit and non-audit services provided during the year are set out in Note 30 to the accounts.

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

- all non audit services are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the company or jointly sharing risks and rewards

### Auditor's Independence Declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 6 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Heywood, Victoria.



**John Mitchell**  
Director

Dated this 26th day of September, 2023

**Auditors Independence Declaration under section 307C of the *Corporations Act 2001*  
to the Directors of Heywood & District Community Enterprise Limited**

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

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

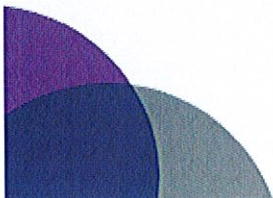
**RSD Audit**

A handwritten signature in blue ink, appearing to be 'JP', is written over a light blue horizontal line.

**Josh Porker**  
*Principal*

41A Breen Street  
Bendigo VIC 3550

**Dated:** 2 October 2023





## Heywood & District Community Enterprise Ltd

### Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Revenue from contracts with customers	7	834,244	604,671
Other revenue	8	10,000	15,000
Finance income	9	7,987	820
		<b>852,231</b>	<b>620,491</b>
<b>Expenses</b>			
Employee benefits expense	10	(322,842)	(293,749)
Depreciation and amortisation	10	(52,279)	(47,610)
Administration and general costs		(70,520)	(86,591)
Occupancy expenses		(13,758)	(10,026)
IT expenses		(26,530)	(29,612)
Other expenses		(6,057)	(8,028)
		<b>(491,987)</b>	<b>(475,616)</b>
<b>Operating profit before charitable donations and sponsorship</b>		<b>360,245</b>	<b>144,875</b>
Charitable donations and sponsorship	10	(41,744)	(27,646)
<b>Profit before income tax</b>		<b>318,501</b>	<b>117,229</b>
Income tax expense	11	(75,950)	(29,658)
<b>Profit for the year after income tax</b>		<b>242,551</b>	<b>87,571</b>
<b>Total comprehensive income attributable to ordinary shareholders of the company</b>		<b>242,551</b>	<b>87,571</b>
<b>Earnings per share</b>			
		<b>¢</b>	<b>¢</b>
- basic and diluted earnings per share	30	33.22	12.00

The accompanying notes form part of these financial statements

# Heywood & District Community Enterprise Ltd

## Statement of Financial Position For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	300,108	383,762
Trade and other receivables	13	73,424	54,582
Financial assets	14	516,555	215,840
Other assets	15	14,514	7,044
<b>Total current assets</b>		<b>904,601</b>	<b>661,228</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	103,664	106,096
Right-of-use assets	17	173,079	366,113
Intangible assets	18	19,449	32,415
<b>Total non-current assets</b>		<b>296,192</b>	<b>504,624</b>
<b>Total assets</b>		<b>1,200,793</b>	<b>1,165,852</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	20	40,076	17,813
Current tax liability	19	51,424	4,485
Provisions		41,930	61,726
Borrowings	21	14,364	14,364
Lease liabilities	22	21,601	16,442
Employee benefits	23	10,346	30,935
<b>Total current liabilities</b>		<b>179,741</b>	<b>145,765</b>
<b>Non-current liabilities</b>			
Borrowings	21	-	14,364
Lease liabilities	22	162,818	357,572
Employee benefits	23	3,355	4,052
Deferred tax liability	19	18,664	13,932
<b>Total non-current liabilities</b>		<b>184,837</b>	<b>389,920</b>
<b>Total liabilities</b>		<b>364,578</b>	<b>535,685</b>
<b>Net assets</b>		<b>836,215</b>	<b>630,167</b>
<b>Equity</b>			
Issued capital	24	714,435	714,435
Retained earnings/(Accumulated losses)	25	121,780	(84,268)
<b>Total equity</b>		<b>836,215</b>	<b>630,167</b>

The accompanying notes form part of these financial statements



## Heywood & District Community Enterprise Ltd

### Statement of Changes in Equity

For the year ended 30 June 2023

	Note	Issued Capital \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 July 2021</b>		<b>713,435</b>	<b>(113,434)</b>	<b>600,001</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	87,571	87,571
Adjustment to issued capital		1,000	-	1,000
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid or provided	30	-	(58,405)	(58,405)
<b>Balance at 30 June 2022</b>		<b>714,435</b>	<b>(84,268)</b>	<b>630,167</b>
<b>Balance at 1 July 2022</b>		<b>714,435</b>	<b>(84,268)</b>	<b>630,167</b>
<b>Comprehensive income for the year</b>				
Profit for the year		-	242,551	242,551
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid or provided	30	-	(36,503)	(36,503)
<b>Balance at 30 June 2023</b>		<b>714,435</b>	<b>121,780</b>	<b>836,215</b>

The accompanying notes form part of these financial statements

## Heywood & District Community Enterprise Ltd

### Statement of Cash Flows

For the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		902,699	611,698
Payments to suppliers and employees		(562,276)	(457,131)
Interest received		719	820
Income tax paid		(24,279)	-
<b>Net cash flows provided by operating activities</b>	26b	<b>316,863</b>	<b>155,387</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(12,697)	(5,042)
Purchase of investments		(300,715)	(1,514)
<b>Net cash flows used in investing activities</b>		<b>(313,412)</b>	<b>(6,556)</b>
<b>Cash flows from financing activities</b>			
Repayment of borrowings		(14,364)	(14,363)
Repayment of lease liabilities		(16,442)	(15,224)
Dividends paid		(56,299)	(5,582)
<b>Net cash flows used in financing activities</b>		<b>(87,105)</b>	<b>(35,169)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(83,654)</b>	<b>113,662</b>
Cash and cash equivalents at beginning of financial year		383,762	270,100
<b>Cash and cash equivalents at end of financial year</b>	26a	<b>300,108</b>	<b>383,762</b>

The accompanying notes form part of these financial statements



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 1. Corporate Information

These financial statements and notes represent those of Heywood & District Community Enterprise Ltd (the Company) as an individual entity. Heywood & District Community Enterprise Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on the 26th September 2023.

Further information on the nature of the operations and principal activity of the Company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

#### Note 2. Basis of Preparation

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

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

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

#### Note 3. Summary of Significant Accounting Policies

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

##### (a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Bank branch at Heywood.

The Company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

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

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

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

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

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

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

#### (b) Revenue From Contracts With Customers

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

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

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

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

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

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

##### Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the Company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the Company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

##### Margin

Margin is arrived at through the following calculation:

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

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

##### Commission

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

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

##### Fee Income

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

##### Core Banking Products

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

##### Ability to Change Financial Return

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

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

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

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

##### (c) Other Revenue

The Company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

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

##### Discretionary Financial Contributions

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

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

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

##### (d) Employee Benefits

###### Short-term Employee Benefits

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

An annual leave liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

###### Other Long-term Employee Benefits

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

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

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

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

##### (e) Tax

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

##### Current Income Tax

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

##### Deferred Tax

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

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

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

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

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

##### Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

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

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

##### (f) Cash & Cash Equivalents

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

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

##### (g) Property, Plant & Equipment

###### Recognition & Measurement

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

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

###### Subsequent Expenditure

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

###### Depreciation

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

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

Asset Class	Method	Useful Life
Leasehold improvements	Straight line	10 years
Plant & equipment	Diminishing value	10 years

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

##### (h) Intangible Assets

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

###### Recognition & Measurement

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

###### Subsequent Expenditure

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

###### Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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



# Heywood & District Community Enterprise Ltd

## Notes to the Financial Statements

For the year ended 30 June 2023

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

#### (i) Financial Instruments

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

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

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

#### Recognition & Initial Measurement

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

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

#### Classification & Subsequent Measurement

##### *Financial Assets*

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

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

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

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

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

##### *Financial Assets - Business Model Assessment*

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

##### *Financial Assets - Subsequent Measurement, Gains & Losses*

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



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

*Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses*

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

**Derecognition**

*Financial Assets*

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

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

*Financial Liabilities*

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

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

**Offsetting**

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

**(j) Impairment**

**Non-derivative Financial Instruments**

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

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

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

*Recognition of ECL in Financial Statements*

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

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

The Company's trade receivables are limited to the monthly profit share distribution from Bendigo and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide Bank the company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch ratings to determine the level of credit exposure to the company. The company also performed a historical assessment of receivables from Bendigo and Adelaide Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2023.

#### Non-financial Assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

#### (k) Issued Capital

##### Ordinary Shares

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

#### (l) Leases

##### As Lessee

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

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

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

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



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

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

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

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

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

**Short-term Leases & Leases of Low-value Assets**

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

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

**As Lessor**

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

**(m) Standards Issued But Not Yet Effective**

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 4. Significant Accounting Judgements, Estimates & Assumptions

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

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

##### (a) Judgements

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

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 22 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the Company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the Company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the Company and underlying asset including: <ul style="list-style-type: none"><li>• the amount</li><li>• the lease term</li><li>• economic environment</li><li>• any other relevant factors</li></ul>

##### (b) Assumptions & Estimation Uncertainty

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

Note	Assumption
Note 19 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 23 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation



**Note 5. Financial Risk Management**

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

- credit risk
- liquidity risk
- market risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not utilise any derivative instruments.

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

**(a) Credit Risk**

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

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

**(b) Liquidity Risk**

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

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

**(c) Market Risk**

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the Company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

**Price Risk**

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

**Cash Flow & Fair Values Interest Rate Risk**

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk.

The Company held cash and cash equivalents of \$300,108 at 30 June 2023 (2022: \$383,762). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

**Note 6. Capital Management**

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

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

The distribution limit is the greater of:

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

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2023 can be seen in the statement of profit or loss and other comprehensive Income.

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 7. Revenue From Contracts With Customers

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

	2023	2022
	\$	\$
<b>Revenue</b>		
- Revenue from contracts with customers	834,244	604,671
<b>Disaggregation of Revenue From Contracts With Customers</b>		
- Margin income	717,213	463,324
- Fee income	49,313	48,721
- Commission income	67,718	92,626
	<b>834,244</b>	<b>604,671</b>

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

#### Note 8. Other Revenue

The Company generates other sources of revenue as outlined below.

	2023	2022
	\$	\$
<b>Other Revenue</b>		
- Market development fund income	10,000	15,000
	<b>10,000</b>	<b>15,000</b>

#### Note 9. Finance Income

The Company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

	2023	2022
	\$	\$
<b>Finance Income</b>		
- Interest from term deposits	7,987	820
	<b>7,987</b>	<b>820</b>



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 10. Expenses

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

##### (a) Employee Benefits Expense

	2023	2022
	\$	\$
<b>Employee Benefits Expense</b>		
- Wages & salaries	300,756	273,245
- Superannuation costs	27,495	23,248
- Other expenses related to employees	(5,409)	(2,744)
	<b>322,842</b>	<b>293,749</b>

##### (b) Depreciation & Amortisation Expense

	2023	2022
	\$	\$
<b>Depreciation of Non-current Assets</b>		
- leasehold improvements	12,203	12,202
- furniture and fittings	2,926	2,278
	<b>15,129</b>	<b>14,480</b>
<b>Depreciation of Right-of-use Assets</b>		
- leased buildings	24,184	20,164
	<b>24,184</b>	<b>20,164</b>
<b>Amortisation of Intangible Assets</b>		
- franchise fees	12,966	12,966
	<b>12,966</b>	<b>12,966</b>
<b>Total depreciation &amp; amortisation expense</b>	<b>52,279</b>	<b>47,610</b>

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

##### (c) Community Investments & Sponsorship

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

	Note	2023	2022
		\$	\$
<b>Community Investments &amp; Sponsorship</b>			
- Direct sponsorship and grant payments		41,744	27,646
		<b>41,744</b>	<b>27,646</b>

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

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

## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 11. Income Tax Expense

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

##### (a) The Components of Tax Expense

	2023	2022
	\$	\$
Current tax expense	74,980	2,820
Deferred tax expense	5,587	26,738
Recoupment of prior year tax losses	(942)	-
Under / (over) provision of prior years	(3,675)	100
	<b>75,950</b>	<b>29,658</b>

##### (b) *Prima Facie* Tax Payable

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

	2023	2022
	\$	\$
Prima facie tax on profit before income tax at 25% (2022: 25%)	79,625	29,307
<b>Add Tax Effect Of:</b>		
- Under / (over) provision of prior years	(3,675)	100
- Temporary differences	(4,645)	(26,738)
- Change in company tax	(942)	(306)
- Movement in deferred tax	5,587	27,295
<b>Income tax attributable to the entity</b>	<b>75,950</b>	<b>29,658</b>
The applicable weighted average effective tax rate is:	23.85%	25.30%



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 12. Cash & Cash Equivalents

	2023	2022
	\$	\$
Cash at bank and on hand	300,108	383,762
	<b>300,108</b>	<b>383,762</b>

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

#### Note 13. Trade & Other Receivables

	2023	2022
	\$	\$
<b>Current</b>		
Trade receivables	73,424	54,582
	<b>73,424</b>	<b>54,582</b>

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

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

#### Note 14. Financial Assets

	2023	2022
	\$	\$
Term deposits	516,555	215,840
	<b>516,555</b>	<b>215,840</b>

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

#### Note 15. Other Assets

	2023	2022
	\$	\$
Prepayments	6,842	6,640
Accrued income	7,672	404
	<b>14,514</b>	<b>7,044</b>

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 16. Property, Plant & Equipment

##### (a) Carrying Amounts

	2023 \$			2022 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Leasehold improvements	182,947	94,390	88,557	182,947	82,187	100,760
Furniture & fittings	32,620	17,514	15,107	19,924	14,588	5,336
<b>Total</b>	<b>215,567</b>	<b>111,903</b>	<b>103,664</b>	<b>202,871</b>	<b>96,775</b>	<b>106,096</b>

##### (b) Movements in Carrying Amounts

2023	Leasehold Imp. \$	Furniture & Fittings \$	Total \$
Opening carrying value	100,760	5,336	106,096
Additions	-	12,697	12,697
Depreciation expense	(12,203)	(2,926)	(15,128)
<b>Closing carrying value</b>	<b>88,557</b>	<b>15,107</b>	<b>103,664</b>

2022	Leasehold Imp. \$	Furniture & Fittings \$	Total \$
Opening carrying value	112,962	2,572	115,534
Additions	-	5,042	5,042
Depreciation expense	(12,202)	(2,278)	(14,480)
<b>Closing carrying value</b>	<b>100,760</b>	<b>5,336</b>	<b>106,096</b>

##### (c) Capital Expenditure Commitments

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

##### (d) Changes in Estimates

During the financial year, the Company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

#### Note 17. Right-of-use Assets

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

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

The Company's lease portfolio includes buildings.



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 17. Right-of-use Assets (Continued)

##### Options to Extend or Terminate

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

##### AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	237,813	237,813
Depreciation	(64,735)	(64,735)
	<b>173,079</b>	<b>173,079</b>

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Opening carrying amount	197,263	197,263
Additions	-	-
Depreciation expense	(24,184)	(24,184)
<b>Net carrying amount</b>	<b>173,079</b>	<b>173,079</b>

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

	2023 \$	2022 \$
Depreciation expense related to right-of-use assets	24,184	20,164
Interest expense on lease liabilities	11,522	10,668

#### Note 18. Intangible Assets

##### (a) Carrying Amounts

	2023			2022		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fee	64,831	45,382	19,449	64,831	32,416	32,415
	<b>64,831</b>	<b>45,382</b>	<b>19,449</b>	<b>64,831</b>	<b>32,416</b>	<b>32,415</b>



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 18. Intangible Assets (Continued)

##### (b) Movements in Carrying Amounts

2023	Franchise Fee \$
Opening carrying value	32,416
Amortisation expense	(12,966)
<b>Closing carrying value</b>	<b>19,450</b>

2022	Franchise Fee \$
Opening carrying value	45,382
Amortisation expense	(12,966)
<b>Closing carrying value</b>	<b>32,416</b>

#### Note 19. Tax Assets & Liabilities

##### (a) Current Tax

	2023 \$	2022 \$
Income tax payable/(refundable)	51,424	4,485

##### (b) Deferred Tax

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

	30 June 2022 \$	Recognised in P & L \$	30 June 2023 \$
<b>Deferred Tax Assets</b>			
- Expense accruals	1,971	938	2,909
- Prepayments		-	-
- Employee provisions	8,747	(5,322)	3,425
<b>Total deferred tax assets</b>	<b>10,718</b>	<b>(4,384)</b>	<b>6,334</b>
<b>Deferred Tax Liabilities</b>			
- Right-of-use assets	(1,975)	(860)	(2,835)
- Accrued income	101	1,816	1,917
- Property, plant & equipment	26,524	(608)	25,916
<b>Total deferred tax liabilities</b>	<b>24,650</b>	<b>348</b>	<b>24,998</b>
<b>Net deferred tax (liabilities)</b>	<b>(13,932)</b>	<b>(4,732)</b>	<b>(18,664)</b>



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 19. Tax Assets & Liabilities (continued)

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

	30 June 2021 \$	Recognised in P & L \$	30 June 2022 \$
<b>Deferred Tax Assets</b>			
- Expense accruals	2,290	(319)	1,971
- Prepayments	(1,852)	1,852	-
- Employee provisions	12,002	(3,255)	8,747
<b>Total deferred tax assets</b>	<b>12,440</b>	<b>(1,722)</b>	<b>10,718</b>
<b>Deferred Tax Liabilities</b>			
- Right-of-use assets	(741)	(1,234)	(1,975)
- Accrued income	274	(173)	101
- Property, plant & equipment	-	26,524	26,524
<b>Total deferred tax liabilities</b>	<b>(467)</b>	<b>25,117</b>	<b>24,650</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>12,907</b>	<b>23,395</b>	<b>(13,932)</b>

## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 20. Trade & Other Payables

	2023	2022
	\$	\$
<b>Current</b>		
Trade creditors	9,876	9,409
GST	3,411	(7,902)
Other creditors and accruals	26,789	16,306
	<b>40,076</b>	<b>17,813</b>

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

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

#### Note 21. Borrowings

	2023	2022
	\$	\$
<b>Current</b>		
<b>Unsecured Liabilities</b>		
Franchise fee loan	14,364	14,364
	<b>14,364</b>	<b>14,364</b>
<b>Non-Current</b>		
<b>Unsecured liabilities</b>		
Franchise fee loan	-	14,364
	-	<b>14,364</b>
<b>Total borrowings</b>	<b>14,364</b>	<b>28,728</b>

#### Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

#### Note 22. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date.

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

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 22. Lease Liabilities (Continued)

##### (b) Lease Liabilities

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

	2023 \$	2022 \$
Current	21,601	16,442
Non-current	162,818	357,572

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

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
<b>30 June 2023</b>					
Lease payments	21,601	22,937	77,468	62,412	184,418
<b>Net present values</b>	<b>21,601</b>	<b>22,937</b>	<b>77,468</b>	<b>62,412</b>	<b>184,418</b>
<b>30 June 2022</b>					
Lease payments	16,442	17,690	61,413	278,469	374,014
<b>Net present values</b>	<b>16,442</b>	<b>17,690</b>	<b>61,413</b>	<b>278,469</b>	<b>374,014</b>

##### (c) Lease Payments Not Recognised as a Liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

#### Note 23. Employee Benefits

	2023 \$	2022 \$
<b>Current</b>		
Provision for annual leave	10,346	12,893
Provision for long service leave	-	18,042
	<b>10,346</b>	<b>30,935</b>
<b>Non-Current</b>		
Provision for long service leave	3,355	4,052
	<b>3,355</b>	<b>4,052</b>

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

##### Employee Attrition Rates

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 24. Issued Capital

##### (a) Issued Capital

	2023		2022	
	Number	\$	Number	\$
Ordinary shares - fully paid	730,060	730,060	730,060	730,060
Less: equity raising costs	-	(15,625)	-	(15,625)
	730,060	714,435	730,060	714,435

Ordinary shares are classified as equity.

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

##### (b) Movements in share capital

	2023	2022
	\$	\$
<i>Fully paid ordinary shares:</i>		
At the beginning of the reporting period	730,060	729,060
Shares issued during the year	-	1,000
<b>At the end of the reporting period</b>	<b>730,060</b>	<b>730,060</b>

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

#### Note 25. Retained Earnings

	Note	2023	2022
		\$	\$
Balance at the beginning of the reporting period		(84,268)	(113,434)
Profit for the year after income tax		242,551	87,571
Dividends paid	30	(36,503)	(58,405)
<b>Balance at the end of the reporting period</b>		<b>121,780</b>	<b>(84,268)</b>



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 26. Cash Flow Information

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

	Note	2023 \$	2022 \$
Cash and cash equivalents	12	300,108	383,762
As per the Statement of Cash Flows		<b>300,108</b>	<b>383,762</b>

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

	2023 \$	2022 \$
Profit for the year after income tax	242,551	87,571
<b>Non-cash flows in profit</b>		
- Depreciation	15,129	14,481
- Amortisation	12,966	12,966
- Change in ROU value	24,184	20,164
<b>Changes in assets and liabilities</b>		
- (Increase) / decrease in trade and other receivables	(18,842)	(8,666)
- (Increase) / decrease in prepayments and other assets	(7,470)	1,459
- (Increase) / decrease in deferred tax asset	4,732	26,839
- Increase / (decrease) in trade and other payables	10,951	19,808
- Increase / (decrease) in trade and other liabilities	(11,313)	(9,036)
- Increase / (decrease) in current tax liability	22,689	2,820
- Increase / (decrease) in provisions	21,286	(13,019)
<b>Net cash flows from operating activities</b>	<b>316,863</b>	<b>155,387</b>

#### Note 27. Financial Instruments

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

	Note	2023 \$	2022 \$
<b>Financial Assets</b>			
Trade and other receivables	13	73,424	54,582
Cash and cash equivalents	12	300,108	383,762
Term deposits	14	516,555	215,840
		<b>890,087</b>	<b>654,184</b>
<b>Financial Liabilities</b>			
Trade and other payables	20	40,076	17,813
Borrowings	21	14,364	28,728
Lease liabilities	22	184,419	374,014
		<b>238,859</b>	<b>420,555</b>



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 28. Related Parties

##### (a) Key Management Personnel

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

##### (b) Key Management Personnel Compensation

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

##### Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

##### Post-employment Benefits

These amounts are the current year's estimated cost of providing the Company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

##### Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

##### Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

##### (c) Other Related Parties

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

##### (d) Key Management Personnel Shareholdings

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

##### (e) Other Key Management Transactions

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



## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements For the year ended 30 June 2023

#### Note 29. Auditor's Remuneration

The appointed auditor of Heywood & District Community Enterprise Ltd for the year ended 30 June 2023 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2023	2022
	\$	\$
<b>Audit &amp; Review Services</b>		
Audit and review of financial statements (RSD Audit)	5,750	5,550
<b>Total auditor's remuneration</b>	<b>5,750</b>	<b>5,550</b>

#### Note 30. Dividends

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

	2023		2022	
	Number	\$	Number	\$
Unfranked dividend	0.05	36,503	0.08	58,405
Dividends provided for and paid during the year	<b>0.05</b>	<b>36,503</b>	<b>0.08</b>	<b>58,405</b>

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

#### Note 31. Earnings Per Share

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

	2023	2022
	\$	\$
Profit attributable to ordinary shareholders	242,551	87,571
	Number	Number
Weighted average number of ordinary shares	730,060	730,060
	¢	¢
Basic and diluted earnings per share	33.22	12.00

#### Note 32. Events After the Reporting Period

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

#### Note 33. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 22. Details about any capital commitments are detailed in Note 16(d).

The Company has no other commitments requiring disclosure.

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

## Heywood & District Community Enterprise Ltd

### Notes to the Financial Statements

For the year ended 30 June 2023

#### Note 34. Company Details

The registered office of the Company is:

Heywood & District Community Enterprise Ltd	61 Edgar Street, Heywood VIC 3304
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The principal place of business is:

Heywood & District Community Enterprise Ltd	61 Edgar Street, Heywood VIC 3304
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## Heywood & District Community Enterprise Ltd

### Director's Declaration

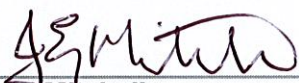
For the year ended 30 June 2023

In accordance with a resolution of the directors of Heywood & District Community Enterprise Ltd, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Company are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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



---

**John Mitchell**  
Director

Dated this 26th day of September, 2023

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HEYWOOD & DISTRICT COMMUNITY ENTERPRISE LIMITED****REPORT ON THE AUDIT OF THE FINANCIAL REPORT****Opinion**

We have audited the financial report of Heywood & District Community Enterprise Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Heywood & District 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 and its cash flows for the year then ended; and
- (ii) complying with Australian Accounting Standards.

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

**Other Information**

The directors are responsible for the 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. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Director's Responsibility for the Financial Report**

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.



## Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

## Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

## RSD Audit




**Josh Porker**  
Principal

Dated: 2 October 2023.

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