Annual Report 2023

Homebush Financial Services Limited

Community Bank Homebush

ABN 55 097 923 807

Contents

This page is intentionally blank

Chair's Report

On behalf of the Board, I am pleased to provide the 2022/2023 Chairs' report for Homebush Financial Services Limited ("Bank"). As a board we are extremely proud that our 21st year as a community bank has been our most successful. This is true from a financial results perspective but also for the depth of support we have been able to provide through our various community programs.

The Board would like to start by thanking our branch manager, Kavitha, for her strong leadership and performance during the year. Kavitha has been able to continue her strong leadership of the team to achieve the strongest result in the Bank's history. During the year there were a number of movements in the Customer Service Officer roles and Kavitha was able to manage through this change to deliver a great result. Kavitha was recognised with an award by Bendigo Bank as being a high performer as our branch manager.

The Board would like to recognise the efforts of Sai Chen in his role as Mobile Relationship Manager. Sai has also been recognised by Bendigo Bank as being one of the best performers across the State. We would also like to thank the branch staff for performing at such a high level. Our thanks go to Suna Sumer, Evelyn Joana, Carmen Deng, Vina Govindaraj and Taznin Farzana for ensuring that customer service is at the centre of everything we do.

The Bank has been supported by the wider Bendigo Corporate team and in particular our Regional Manager Tom Woods. Their continued support and contribution add to the success of our branch.

I would also like to thank the current directors James Tran, Daniel Pascuzzo and Tim Robinson for their contribution during the year. The expansion in our community programs is testament to the passion and commitment shown by staff and directors.

It has been another successful year and while Kavitha's report will elaborate on our community engagement, the Board would like to call out the following achievements:

- **Contributions to the Community Foundation Trust Sub-Fund**
  This year, the Bank was able to contribute another $218K to support future community activities.

Bendigo Bank Community Enterprise Foundation™

- **Continuation the CB Homebush Founders Scholarship Program**

We were able to continue a second year of the scholarship program, welcoming another three students into the program. We look forward to opening our third years' set of applications in late 2023 and sharing additional lives we're helping next year.

- **Established a committed Partnership with Chalmers Road School**
  This year, the Bank started to work with our locally based special education institution, Chalmers Road School, establishing a partnership that help staff unlock the potential of their students and in turn support them and their families. In addition to Kavitha's reports, we look forward to sharing more details of this partnership as the years' progress.

- **Improved Profits**
  The Bank has delivered the best profit result after tax in its 21-year history of $305K. This is a great achievement as we have exceeded the previously best result from last year by 89.4 %. This is after an additional contribution of $218K was made to the sub-fund for future scholarships and community initiatives.

- **Engagement with the Local Council and Members of Parliament**
  The Board continues to work with Strathfield Council and local Members of Parliament to enhance our connections with the community. The Board was represented in the Anzac Day service held in Davey Square Reserve and also sponsored the in the Street Fairs held in Rochester Street.

Future Outlook

The market has improved due to the continued increase in interest rates, which has created an opportunity to increase the breadth of community programs. However, it should be noted that the increase in interest rates could push some customers into financial hardship.

The Board will be cautious of potential hardships and additional margin pressures that may arise as customers seek to refinance and home purchasing activity slow down versus historical highs.

The Board will continue to ensure appropriate governance is applied to minimise risk and protect the growth that we have achieved, including overseeing the elimination of carried forward losses in this next fiscal year (barring any unforeseen situations).

We look to continue to guide our Bank to balance our commitments to our customers, our community, and you.

Our point of difference continues to be growing with our community and not off them. We are the Better Big Bank.

Once again, we thank you, our shareholders, for your continued support. Please continue to refer business to our branch, so together we can have a larger positive impact on the community.

M Brewer

Michael Brewer
Chair, Homebush Financial Services Limited

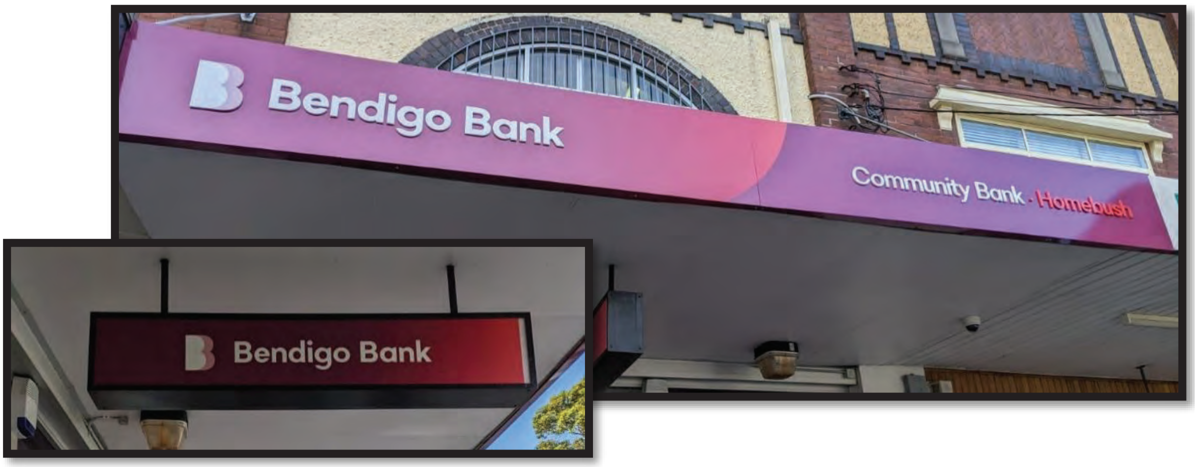
Branch Manager's Report

I would like to express my sincere gratitude to the Board, our Shareholders and Community for your continuous support to my continuing journey here, cherishing the opportunities, every day, to meet and serve our customers. I would also like to thank my wonderful team that understands the core value of our purpose and render their efforts in growing our business positively with our community.

I am very proud that our Community Bank continued to support our customers for their banking through the uncertain period of multiple interest rate hikes and economic volatility.

Business Update:

I am proud to have overseen another profitable year including supporting our customers for their first home purchases by utilising the NSW Shared Equity home scheme for eligible applicants. We also updated our premises with current Bendigo and Adelaide Bank branding guidelines.



Our team remains focused and vigilant to alert and protect our community from various scams and financial fraud activities. We respond to increasingly advance scams, such as ATM skimming threats, bogus identities and fraud telephone calls impersonating vulnerable customers.

Staff Update:

During the year, it was sad to say farewell two of our Customer Service Officers, Carmen Deng and Suna Sumer. I thank them for their valuable contribution in supporting our customers.

We welcomed two new Customer Service Officers, Vina Govindaraj and Taznin Farzana, both from Homebush. We are pleased we were able to find local talent to fill these job opportunities.

We also had a wonderful occasion of celebrating with our Mobile Relationship Manager, Sai Chen, who welcomed his beautiful daughter this year.

Community Update:

We had another rewarding year with our community support activities. While we continued our support of the Strathfield Council's Homelessness Food Appeal, the Homebush Public School Merits Awards and other engagements, we have also decided to expand and concentrate our support.

Staff, along with Directors and our Scholars have decided that we would extend and concentrate our support to Chalmers Road School, less than 2km from our Branch. The school supports up to 100 children (from four years to 18 years old) with moderately to significantly intellectually disabilities.

We have so far in FY23, provided more than $100,000 in support to help the school where we:

- along with the Strathfield Rotary Club, supported the BBQ fund-raising, during the March NSW State election, attended by our Scholars, Staff and Directors - pictured on right with the Schools' Principal, Michelle Davies and a student of Chalmers Roads', in centre

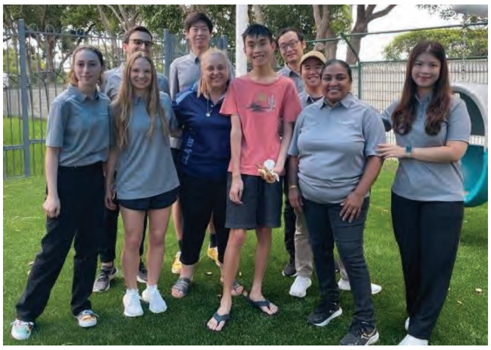


Photo L-R: Marina, Daniel, Angelica, Jacky, Michelle, Student, Sai, Jadon, Kavitha and Evelyn

- prepare for the launch of the Café Programme, where teachers will use a commercial grade coffee machine to teach their students how to brew quality coffee, opening up potential employment opportunities for students after leaving the School.

Photo L-R: Tim, Daniel with Chalmers' Natalie and Celine

- will help to replenish their aging fleet of staff and student transportation assets, used to connect with other schools and local businesses that build disability awareness.

Finally, we proceeded to award a second cohort of **CB Homebush Founders Scholarships**. These scholarships are for up to three years and scholars are required to 'pay it forward' to initiatives that benefit our community. This year the following recipients were chosen:

- **Angelica Wilson** - coming from a low socio-economic background, she is pursuing an Arts and Law degree, focusing on foreign languages. She aspires to use her education to help multicultural and disadvantaged communities in the future.
- **Jadon Chan** - coming from a refugee background, he is studying Mechanical and Mechatronics Engineering. He aspires to use his degree to develop solutions that will be able to help with physical rehabilitation and disabilities.
- **Marina Kojevnikov** - is studying psychology and works as a substitute school teacher when time permits. She seeks to integrate these insights into mental health education. She provides care for her grandparents and supports time to time, the local special education school, Chalmers Road School.

As we complete our 21 years of service to our community, I would like to conclude by thanking you, our shareholders, our customers, my staff and colleagues, Sai, Evelyn, Vina, Taznin and Tom (our Corporate Regional Manager) and the broader corporate team for the support in helping us live our mission to **Grow with our Community.**

Finally, what we do, is possible through the dedication from our Directors, Michael, Daniel, Tim and James. I would like to thank them for their support throughout this year.

Thank you.

Kavitha Sankaran

Homebush Financial Services Ltd

ABN 55 097 923 807

Financial Report - 30 June 2023

Homebush Financial Services Ltd
Directors' report
30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Michael Andrew Brewer GAICD
Title:	Non-executive director
Experience and expertise:	Michael brings over 30 years' experience in senior finance positions to the board, having worked in multi-national organisations, government, not for profit organisations, charities and private companies. He has also worked in prestigious sporting venue organisations such as the Sydney Cricket and Sports Ground Trust and Eastern Creek Raceway. Michael brings a wealth of financial and commercial experience to the Board and holds a Bachelor of Business degree in Accounting, a Masters degree in Economics, is a graduate of the Australia Institute of Company Directors and has been a member of the Certified Practising Accountants (CPA) of Australia for 30 years. Michael is currently the CFO of Musica Viva Australia, a not for profit charity that presents chamber music to audiences, supports emerging musical artists, commissions new musical works and provides musical education in schools.
Special responsibilities:	Chair and Treasurer

Name:	Daniel Pascuzzo GAICD
Title:	Non-executive director
Experience and expertise:	Daniel is currently employed as a Senior Productivity Analyst within the Retail Banking arm of Bendigo and Adelaide Bank, bringing to the company a wealth of experience in Sales, Ecommerce, Human Resource Management and Marketing. His role at the bank provides unique insight into the company's operations and strategic direction, in particular the Branch network. Previously he has completed a Masters in Human Resource Management and Industrial Relations and a Bachelors of Science.
Special responsibilities:	Company Secretary, Lead for Human Resources

Name:	James Tran GAICD
Title:	Non-executive director
Experience and expertise:	James is currently a Senior Director, Transformation and IT Procurement for the Procurement function at the Singtel Group (includes Singtel, NCS and Optus). James joined the Board in 2019 and at the time was the Head of Business Services at Healthdirect Australia, responsible for Strategic Sourcing, Corporate IT, Analytics and Reporting, Portfolio Management and General Counsel teams. Prior to this, James spent 15 years at American Express, working across Asia Pacific leading Procurement, Account Management, Consulting, Billing and Card Operations teams. James has a passion for community development and was one of the co-founders of Mosaic Mentoring at ARC @ UNSW and was an inaugural member of the Youth Advisory Committee at Bankstown City Council.
Special responsibilities:	Lead for Marketing and Community Engagement.

Name:	Timothy Michael Robinson GAICD
Title:	Non-executive director
Experience and expertise:	Tim has worked in financial services for over 25 years covering a wide spectrum of areas across banks, brokers and corporates. Citi was Tim's last work home where he ran the corporate banking business looking after Citi's global subsidiary clients. Financial markets was his earlier responsibility where he ran the FX and corporate derivatives sales business for Citi. He is adept at building and running multiple market leading teams who deliver best in class results whilst maintaining the highest ethical standards. People are his other strong interest and he has established and run multiple graduate and intern programs in his time.
Special responsibilities:	Nil

Company secretary
The company secretary is Daniel Pascuzzo. Daniel Pascuzzo was appointed company secretary on 22 November 2021.

Homebush Financial Services Ltd
Directors' report
30 June 2023

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

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

Review of operations
The profit for the company after providing for income tax amounted to $305,430 (30 June 2022: $161,069).

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

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

	2023 **$**
Unfranked dividend of 3.3 cents per share (2022: 3 cents)	42,441

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the company during the financial year.

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

Likely developments
The company will continue its policy of facilitating banking services to the community.

Environmental regulation
The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors
The number of directors meetings attended by each of the directors of the company during the financial year were:

	Board	
	Eligible	Attended
Michael Andrew Brewer	16	16
Daniel Pascuzzo	16	16
James Tran	16	15
Timothy Michael Robinson	16	15

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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

	Balance at the start of the year	Changes	Balance at the end of the year
Michael Andrew Brewer	2,000	-	2,000
Daniel Pascuzzo	-	-	-
James Tran	500	28,000	28,500
Timothy Michael Robinson	-	6,000	6,000

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

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

Homebush Financial Services Ltd
Directors' report
30 June 2023

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

On behalf of the directors

M Brewer

Michael Andrew Brewer
Chair

28 September 2023

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Homebush Financial Services Ltd.

As lead auditor for the audit of Homebush Financial Services Ltd. for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2023

Joshua Griffin
Lead Auditor

Homebush Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,380,921	899,397
Other revenue		-	314
Finance revenue		11,417	1,930
Total revenue		1,392,338	901,641
Employee benefits expense	7	(414,215)	(353,978)
Advertising and marketing costs		(1,124)	(574)
Occupancy and associated costs		(27,222)	(29,261)
System costs		(25,681)	(28,924)
Depreciation and amortisation expense	7	(98,474)	(93,494)
Finance costs	7	(8,402)	(8,875)
General administration expenses		(81,459)	(98,281)
Total expenses before community contributions and income tax expense		(656,577)	(613,387)
Profit before community contributions and income tax expense		735,761	288,254
Charitable donations, sponsorships and grants expense	7	(328,518)	(73,495)
Profit before income tax expense		407,243	214,759
Income tax expense	8	(101,813)	(53,690)
Profit after income tax expense for the year	18	305,430	161,069
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		305,430	161,069
		Cents	**Cents**
Basic earnings per share	26	23.75	12.52
Diluted earnings per share	26	23.75	12.52

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

Homebush Financial Services Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	1,181,265	805,833
Trade and other receivables	10	127,512	85,544
Total current assets		1,308,777	891,377
Non-current assets			
Property, plant and equipment	11	83,902	122,161
Right-of-use assets	12	189,304	230,090
Intangible assets	13	50,310	-
Deferred tax assets	8	30,358	117,557
Total non-current assets		353,874	469,808
Total assets		1,662,651	1,361,185
Liabilities			
Current liabilities			
Trade and other payables	14	45,431	32,907
Lease liabilities	15	49,986	41,533
Current tax liabilities	8	14,614	-
Employee benefits	16	28,046	21,438
Total current liabilities		138,077	95,878
Non-current liabilities			
Trade and other payables	14	28,625	-
Lease liabilities	15	161,012	197,684
Employee benefits	16	5,837	2,115
Lease make good provision		17,363	16,760
Total non-current liabilities		212,837	216,559
Total liabilities		350,914	312,437
Net assets		1,311,737	1,048,748
Equity			
Issued capital	17	1,372,954	1,372,954
Accumulated losses	18	(61,217)	(324,206)
Total equity		1,311,737	1,048,748

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

Homebush Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		1,372,954	(446,692)	926,262
Profit after income tax expense		-	161,069	161,069
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	161,069	161,069
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(38,583)	(38,583)
Balance at 30 June 2022		1,372,954	(324,206)	1,048,748

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		1,372,954	(324,206)	1,048,748
Profit after income tax expense		-	305,430	305,430
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	305,430	305,430
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(42,441)	(42,441)
Balance at 30 June 2023		1,372,954	(61,217)	1,311,737

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

Homebush Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,481,485	979,317
Payments to suppliers and employees (inclusive of GST)		(1,007,756)	(696,160)
Interest received		11,417	1,930
Net cash provided by operating activities	25	485,146	285,087
Cash flows from investing activities			
Payments for property, plant and equipment		-	(8,810)
Payments for intangible assets		(26,023)	-
Net cash used in investing activities		(26,023)	(8,810)
Cash flows from financing activities			
Dividends paid	20	(42,441)	(38,583)
Repayment of lease liabilities	15	(41,250)	(49,331)
Net cash used in financing activities		(83,691)	(87,914)
Net increase in cash and cash equivalents		375,432	188,363
Cash and cash equivalents at the beginning of the financial year		805,833	617,470
Cash and cash equivalents at the end of the financial year	9	1,181,265	805,833

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

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 27 Rochester Street, Homebush NSW 2140.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Impairment

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in April 2027.

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

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

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

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,277,844	804,686
Fee income	70,867	60,764
Commission income	32,210	33,947
	1,380,921	899,397

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	323,659	294,952
Superannuation contributions	35,630	30,669
Expenses related to long service leave	3,722	(2,582)
Other expenses	51,204	30,939
	414,215	353,978

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	36,014	36,014
Plant and equipment	2,205	1,381
Furniture and fittings	40	65
	38,259	37,460
Depreciation of right-of-use assets		
Leased land and buildings	46,018	45,774
Amortisation of intangible assets		
Franchise fee	2,553	2,052
Franchise renewal fee	11,644	8,208
	14,197	10,260
	98,474	93,494

Finance costs

	2023 $	2022 $
Lease interest expense	7,799	8,066
Unwinding of make-good provision	603	809
	8,402	8,875

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	9,909	13,140

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

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	110,018	6,495
Contribution to the Community Enterprise Foundation™	218,500	67,000
	328,518	73,495

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

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

Note 7. Expenses (continued)

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

Change in accounting policy
This year we decided to move our CEF contributions from ‘Advertising and marketing costs’ to ‘Charitable donations, sponsorships and grants expense’ as the funds are ultimately paid out in grants. This has resulted in a correction of the 2022 figures with $67,000 being reclassified between the accounts.

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	14,613	-
Movement in deferred tax	(13,650)	(1,765)
Recoupment of prior year tax losses	100,850	55,455
Aggregate income tax expense	101,813	53,690
Prima facie income tax reconciliation		
Profit before income tax expense	407,243	214,759
Tax at the statutory tax rate of 25%	101,811	53,690
Tax effect of:		
Non-deductible expenses	2	-
Income tax expense	101,813	53,690

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	-	100,849
Employee benefits	8,481	5,900
Provision for lease make good	4,341	4,190
Accrued expenses	1,660	1,997
Lease liabilities	52,749	59,804
Right-of-use assets	(47,326)	(57,523)
Property, plant and equipment	10,453	2,340
Deferred tax asset	30,358	117,557

	2023 $	2022 $
Provision for income tax	14,614	-

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

Note 8. Income tax (continued)

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

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

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

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

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

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	772,860	403,651
Term deposits	408,405	402,182
	1,181,265	805,833

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	119,287	81,735
Other receivables and accruals	668	668
Prepayments	7,557	3,141
	8,225	3,809
	127,512	85,544

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

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

Note 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	297,026	297,026
Less: Accumulated depreciation	(224,988)	(188,974)
	72,038	108,052
Plant and equipment - at cost	81,287	81,287
Less: Accumulated depreciation	(69,718)	(67,513)
	11,569	13,774
Furniture and fittings - at cost	31,981	31,981
Less: Accumulated depreciation	(31,686)	(31,646)
	295	335
	83,902	122,161

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

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Total $
Balance at 1 July 2021	144,066	6,345	400	150,811
Additions	-	8,810	-	8,810
Depreciation	(36,014)	(1,381)	(65)	(37,460)
Balance at 30 June 2022	108,052	13,774	335	122,161
Depreciation	(36,014)	(2,205)	(40)	(38,259)
Balance at 30 June 2023	72,038	11,569	295	83,902

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

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	5 to 40 years
Furniture and fittings	10 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 11. Property, plant and equipment (continued)

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 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	373,459	368,227
Less: Accumulated depreciation	(184,155)	(138,137)
	189,304	230,090

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

	Land and buildings $
Balance at 1 July 2021	183,098
Remeasurement adjustments	92,766
Depreciation expense	(45,774)
Balance at 30 June 2022	230,090
Remeasurement adjustments	5,232
Depreciation expense	(46,018)
Balance at 30 June 2023	189,304

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

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

Refer to note 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 $	2022 $
Franchise fee	93,497	82,746
Less: Accumulated amortisation	(85,299)	(82,746)
	8,198	-
Franchise renewal fee	184,739	130,983
Less: Accumulated amortisation	(142,627)	(130,983)
	42,112	-
	50,310	-

Note 13. Intangible assets (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	2,052	8,208	10,260
Amortisation expense	(2,052)	(8,208)	(10,260)
Balance at 30 June 2022	-	-	-
Additions	10,751	53,756	64,507
Amortisation expense	(2,553)	(11,644)	(14,197)
Balance at 30 June 2023	8,198	42,112	50,310

Additions
During the financial year, the franchise fees were renewed and are being amortised over five years to April 2027.

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

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

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

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

Asset class	Method	Useful life	
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 2027

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

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

Note 14. Trade and other payables

	2023 **$**	**2022** **$**
Current liabilities		
Trade payables	1,678	1,649
Other payables and accruals	43,753	31,258
	45,431	32,907
Non-current liabilities		
Other payables and accruals	28,625	-

Note 14. Trade and other payables (continued)

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

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

Note 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	56,650	49,332
Unexpired interest	(6,664)	(7,799)
	49,986	41,533
Non-current liabilities		
Land and buildings lease liabilities	169,950	212,578
Unexpired interest	(8,938)	(14,894)
	161,012	197,684

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	239,217	187,149
Remeasurement adjustments	5,232	93,333
Lease interest expense	7,799	8,066
Lease payments - total cash outflow	(41,250)	(49,331)
	210,998	239,217

Maturity analysis

	2023 $	2022 $
Not later than 12 months	56,650	49,332
Between 12 months and 5 years	169,950	212,578
	226,600	261,910

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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

Note 15. Lease liabilities (continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option, or if there is a revised in-substance fixed lease payment.

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Homebush Branch	3.54%	5 years	1 x 5 years	No	30 June 2027

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	16,046	21,438
Employee bonus	12,000	-
	28,046	21,438
Non-current liabilities		
Long service leave	5,837	2,115

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

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

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

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

Note 16. Employee benefits (continued)

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

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

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	655,910	655,910	637,910	637,910
Ordinary shares issued on 5 January 2012	630,188	630,188	781,433	781,433
Less: Equity raising costs	-	-	(46,389)	(46,389)
	1,286,098	1,286,098	1,372,954	1,372,954

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company ranging from $1 to $1.24 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

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

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

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

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

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

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

Note 17. Issued capital (continued)

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

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

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

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

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

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

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

The members approved a motion at the Company's 2011 Annual General Meeting held on 28 November 2011 to circumvent the prohibited shareholding interest rule and issue additional shares representing a 49% interest in the Company to Bendigo Bank. On 5 January 2012 630,188 shares were issued to Bendigo Bank for consideration of $781,433.

Note 18. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(324,206)	(446,692)
Profit after income tax expense for the year	305,430	161,069
Dividends paid (note 20)	(42,441)	(38,583)
Accumulated losses at the end of the financial year	(61,217)	(324,206)

Note 19. Capital management

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

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

Note 19. Capital management (continued)

The distribution limit is the greater of:

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

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

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

Note 20. Dividends

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

	2023 $	2022 $
Unfranked dividend of 3.3 cents per share (2022: 3 cents)	42,441	38,583

Franking credits

	2023 $
Franking transactions that will arise subsequent to the financial year end:	
Franking credits (debits) that will arise from payment (refund) of income tax	14,614

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

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

Note 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	119,955	82,403
Cash and cash equivalents	1,181,265	805,833
	1,301,220	888,236
Financial liabilities		
Trade and other payables	74,056	32,907
Lease liabilities	210,998	239,217
	285,054	272,124

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

Note 21. Financial instruments (continued)

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest. The company held cash and cash equivalents of $1,181,265 at 30 June 2023 (2022: $805,833).

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	45,431	28,625	-	74,056
Lease liabilities	56,650	169,950	-	226,600
Total non-derivatives	102,081	198,575	-	300,656

Note 21. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	32,907	-	-	32,907
Lease liabilities	49,332	212,578	-	261,910
Total non-derivatives	82,239	212,578	-	294,817

Note 22. Key management personnel disclosures

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

Michael Andrew Brewer
Daniel Pascuzzo
James Tran
Timothy Michael Robinson

Compensation
Key management personnel compensation comprised the following.

	2023 $	2022 $
Short-term employee benefits	13,000	5,775
Post-employment benefits	1,377	577
	14,377	6,352

Note 23. Related party transactions

Other than the above key management personal compensation there were no transactions with related parties during the current and previous financial year.

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,175	3,090
Share registry services	5,494	5,728
	9,329	9,418
	14,729	14,618

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	305,430	161,069
Adjustments for:		
Depreciation and amortisation	98,474	93,494
Lease liabilities interest	7,799	8,066
Change in operating assets and liabilities:		
Increase in trade and other receivables	(41,968)	(10,891)
Decrease in deferred tax assets	87,199	53,689
Increase/(decrease) in trade and other payables	2,665	(7,648)
Increase in provision for income tax	14,614	-
Increase/(decrease) in employee benefits	10,330	(13,501)
Increase in other provisions	603	809
Net cash provided by operating activities	485,146	285,087

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	305,430	161,069
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,286,098	1,286,098
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,286,098	1,286,098
	Cents	**Cents**
Basic earnings per share	23.75	12.52
Diluted earnings per share	23.75	12.52

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

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Homebush Financial Services Ltd
Directors' declaration
30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

M Brewer

Michael Andrew Brewer
Chair

28 September 2023

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

Independent auditor's report to the Directors of Homebush Financial Services Ltd.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Homebush Financial Services Ltd. (the company), which comprises:

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

In our opinion, the accompanying financial report of Homebush Financial Services Ltd., is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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

Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

Our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the company's financial reporting process.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists.

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

Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 September 2023

Joshua Griffin
Lead Auditor

This page is intentionally blank

Community Bank · Homebush
27 Rochester Street,
Homebush NSW 2140
Phone: 02 9764 6616 Fax: 02 9764 6737
Web: bendigobank.com.au/branch/nsw/community-bank-homebush/

Franchisee: Homebush Financial Services Limited
ABN: 55 097 923 807
27 Rochester Street
Homebush NSW 2140
Email: HomebushMailbox@bendigoadelaide.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 03 5443 0344
Fax: 03 5443 5304
Email: shareregistry@afsbendigo.com.au

Bendigo Bank