

Annual Report 2023

Inglewood & Districts
Community Enterprises
Limited

Community Bank
Inglewood & Districts

ABN 87 123 959 375



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Chair's report

For year ending 30 June 2023

Another turn around the sun which seems to come around very quickly now.

Another eventful year has passed us by. We have seen an increase in interest rates and our profit margins. Great for business but a little hard on those trying to build a dream. Not to the 18% some of us might remember back a few years ago though. Hopefully this will settle down and let us all move forward.

We are enjoying the improved profit line which enables us to give more back to our community though. That is what we all enjoy.

We saw another major flood event in our area again last October. This severely impacted much of the area around us and to our farming families another blow. The impact lasting longer than in 2011, different time of the year kept the water in the paddocks for weeks. We did far better than some other towns, our thoughts are still with Rochester and their rebuilding of the whole town; still ongoing 12 months later.

We were extremely pleased to be able to assist BlazeAid with a \$50,000 grant. This money was used to help feed and support the volunteers who came to Bridgewater to help clean up and rebuild our community. Farmers and others from Newbridge, Arnold, Bridgewater to Serpentine along the Loddon River were very appreciative of the help BlazeAid gave them and we salute BlazeAid and their volunteers for coming to assist our community. We are glad we could assist BlazeAid to do this. It depends on the number of volunteers but it takes on average \$1,500 to \$2,000 per week to look after them and they were here for months.

We also offered up a grant to flood affected areas for a community get together to help them celebrate their recovery. Or just to get together to forget the floods for a short time and enjoy some normality. We saw some varied activities for this offer and some wonderful times were had by all.

Our commitment a few years back of \$100,000 to Donaldson Park redevelopment, works started earlier this year and is moving along nicely. Not quite finished going to pen but might be close by the time we have our AGM.

This is a multi-organisation collaboration, purpose-built facility, which will be used for many years. A further example of the community working together for a great outcome.

Another major project with which we are extremely pleased to be involved is sport and this keeps most of our towns connected.

We became the major sponsor of the Loddon Valley Football League for the 2023 season. This has been a big commitment but we all know the impact sport has on our communities in keeping their towns or communities going. That is what we are about in enabling children to be able to play sport locally.

These are just a couple of the projects from the last 12 months we have assisted with many, many more not mentioned. The smallest contribution to the largest are all just as important to us.

To our staff, we again have had a couple of changes in branch. Nick decided to head off to Bendigo Bank head office to further his career. Sad to see him go but he did tell me he might be back one day! Not sure if I can keep him to that comment but hopeful.

Macauley started with us and apparently liked by everyone, a bright young face in the branch who wouldn't like him? Fits in with everyone, polite and very keen to learn.

Lachie then also headed off to Bendigo Bank head office to further his career. Just when you think you have everything going well. No, we wish him the best of luck also.

We have found an excellent replacement in Andrew Nevins, our new Business Development Manager. Andrew worked at Inglewood in our early days and we are excited to have him return. Andrew joining Michael, we have an excellent lending team now.

Chair's report (continued)

This has put a lot of pressure on Michael and the rest of the team being short staffed again. We could not be more appreciative of their efforts during this time. Our staff are the backbone of our business and without their commitment to us we would not be the success we are today.

To Matt and the team at Rural Bank for all your hard work for us. You have also experienced staff shortages and we really appreciate all you do for our branch. Thank you all.

Robyn and Beth also a big thank you for your hard work for us. A few bumps in the road this year for both of you also.

We sincerely thank all our staff and we applaud you all. We are very lucky to have staff who care about their work and their customers.

I attended my second State conference and enjoyed the whole experience. Learnt a bit as well. Looking forward to my first National Conference now. Great for both business and personal growth.

To the Board, thank you all for your patience, assistance, guidance and support. It's been another eventful year for us all, some good and some not so good things.

Positive vibes for 2024.



Linda Younghusband
Chair
Inglewood & Districts Community Enterprises Ltd

Manager's report

For year ending 30 June 2023

It's a pleasure to present my first full year's Branch Manager's report for Community Bank Inglewood & Districts.

Having started with the business in January 2022, financial year 2023 represented my first full year in the role which has provided the opportunity for the staff and I to create an operating rhythm to best serve our community with their banking needs and requirements.

I would like to start by thanking our branch staff for their significant efforts over the past financial year. Lachie Scarff, Nic Angove, Ruth Penny, Janette Nixon and Macaulay Senior have all contributed to our strong yearly result on which I will elaborate further into the report.

Banking in general is rapidly changing and the team do a fantastic job in keeping up with these changes which enables them to continually assist our communities and the varying demographics of our loyal customer base.

We were saddened to lose the services of Nic Angove in January 2023. Nic accepted an opportunity in Bendigo Bank's head office in Bendigo so while he hasn't been lost to the bank, our branch team certainly felt the effect of losing his fantastic personality and strong connection to our customers when he departed. This, however, provided opportunity to onboard a new staff member in Macaulay Senior. Macaulay, whilst very young in age, came into our business with a great level of maturity and willingness to learn and has been a fantastic asset for our branch team. He has fitted in seamlessly with our team and has already created a great relationship with many customers.

Thanks, Nic for your significant contribution to our business over a long period of time and welcome Macaulay!

As mentioned, our branch team were successful in achieving a number of targets set by Bendigo Bank as well as demonstrating a significant improvement in other areas in comparison to the year prior. They included:

- Consumer lending growth target achieved with a growth result of \$2,086,988
- Significant improvement achieved in lending activity applications and settlements
- Improvement achieved with insurance quotes and sales
- Wealth targets achieved with managed funds, wealth referrals and superannuation.

All branch staff contributed to the above achievements, and I'd like to thank them for their efforts throughout the year. We have a great team in place and one of which I'm very proud to be a leader. All staff contribute to a harmonious environment within the business which is committed to supporting our local communities with their banking requirements.

Our branch staff also continued to demonstrate a strong focus on risk management with the team successful in recording a satisfactory result in our most recent 'Branch Assurance Review'. The team's attentiveness and willingness to always do the right thing has been evident throughout my time with the branch and will continue into the future.

I'd like to acknowledge the significant efforts of our Regional Manager, Shaun Leech. Shaun grew up in Inglewood and still has a close connection to our community. Shaun is a fantastic leader who always demonstrates strong values and leadership and a willingness to develop others. We are lucky to have such a great Regional Manager and look forward to working with him throughout the coming year. Thanks Shaun.

To our Rural Bank team led by Matt Gill, thank-you for your valued contribution in the agri-business space which is crucial considering the communities we serve. Matt is always happy to lend a hand and provide guidance to the branch team and I thank him and his dedicated team for their ongoing support and look forward to seeing what the coming year presents.

Manager's report (continued)

A big thank-you to our dedicated Agency at Randalls Foodworks in Wedderburn. Leigh, Brooke, Tarryn and the Agency staff continue to be a key part of our team and I'd like to thank them for their efforts over the past year. Their level of service to our Wedderburn community is fantastic and continue to act as a key component of our business.

In March 2023 Community Bank Inglewood & Districts became the major sponsor of the Loddon Valley Football Netball League (LVFNL). This presented an exciting opportunity to work closer with the clubs within this league to create mutual benefit through the referral partnership agreement. I'd like to thank those clubs who supported this partnership whereby we were able to settle five home loans in total which resulted in commissions being paid back to the referring clubs. The branch team and I, combined with the LVFNL and AFLCV will be looking to expand and improve this partnership moving into next season.

Our Board of Directors led by Chair – Linda Younghusband deserve a huge thank-you for their incredible efforts last year. I can't speak higher of this group of dedicated volunteers who devote so much of their time to our local communities. Their support of our branch team hasn't gone unnoticed, and I'd like to thank them for their continued support which will enable our businesses continued growth.

A big thank you to our loyal shareholder and customer base who continue to support Community Bank Inglewood & Districts. The loyalty demonstrated creates such a meaningful impact in the Inglewood and Districts Community through our sponsorships, grants and scholarship programs.

At the time of writing this report in September 2023, our business is in the process of another transition period with the departure of our Customer Relationship Manager, Lachie Scarff which has resulted in the onboarding of returning local, Andrew Nevins. Like Nic nine months ago, we were saddened with the departure of Lachie and wish him all the best in his new role in head office. Andrew's return to our business is exciting and the branch team and I have enjoyed the start of his return to our branch. Thanks Lachie and welcome, Andrew.

I continue to encourage the local community to support Community Bank Inglewood & Districts. Being the only branch of any bank in the Loddon Shire, we serve as a crucial business in continuing the financial prosperity of our communities. Please see the team or I for any financial requirements you have as your support is valued in creating a difference in our local communities.



Michael Prowse
Branch Manager
Community Bank Inglewood & Districts

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:	Linda Joy Younghusband
Title:	Non-executive director, Chair
Experience and expertise:	Linda was previously the co-owner of a general store in Bendigo. She served as school councilor at Inglewood Primary School also holding the positions of secretary and President during that time. Along with the then Principal, Linda was instrumental in gaining the Stephanie Alexander Kitchen Garden program at the Inglewood Primary School. She was involved with the parents club at both Inglewood Primary; holding secretary, treasurer, president positions and Wedderburn College general committee. Linda also participated in a couple of the Mothers Club concerts in Wedderburn. Assisted where needed for both football and cricket clubs and still enjoy helping out.
Special responsibilities:	Chair, Sponsorship and Grants Committee, Scholarship Sub Committee coordinator, Driver Education Program coordinator, Human Resources Committee
Name:	Colleen Mary Condliffe
Title:	Non-executive director
Experience and expertise:	Colleen is a Director of the Centre Victorian Rural Women Network, Women's Health Loddon Mallee, North West Rural Financial Counselling Service Advisory Committee and the Dingee Bush Nursing Centre.
Special responsibilities:	Sponsorship and Grants Committee, Strategic Planning and Marketing Committee
Name:	Stewart Dean Luckman
Title:	Non-executive director
Experience and expertise:	Stewart is an employee of the Bendigo & Adelaide Bank. He holds a Certificate III in financial services and a Graduate of the Loddon Murray Community Leadership Program 2016. He is a Board Member of Inglewood & Districts Community Enterprises Limited, Committee representative of Inglewood Primary School & School Council Treasurer, Firefighter of Inglewood CFA, Member of Inglewood & Bridgewater Men's Shed, Vice President of Inglewood Development and Tourism Committee, Social Member of Inglewood Bridgewater RSL and a Central Umpire for LVFN League.
Special responsibilities:	Strategic Planning and Marketing Committee, Sponsorship and Grants Committee
Name:	George Arthur Wyatt
Title:	Non-executive director
Experience and expertise:	George is currently retired from a tertiary teaching career and has been involved in cricket and football clubs in Newbridge over an extended period. He has also had some experience in the finance and securities industry and holds tertiary academic qualifications.
Special responsibilities:	Manager of Low Volume Market Share Registry, Audit and Governance Committee

Directors' report (continued)

Name: Prue Janelle Milgate
Title: Non-executive director
Experience and expertise: Prue brings a wealth of experience in community representation to the Inglewood Bank Board. Most recently she was a member of the Serpentine Playgroup Committee serving for over 4 years as its President, and is the current Treasurer of the Dingee Preschool Committee in 2023. Prior to this she was a long standing Board director of the North Central Catchment Management Board, representing local irrigators residing along the Loddon River Catchment. Here she also brought her experience gained from time working at Goulburn Murray Water. As part of this role, Prue completed the Australian Institute of Company Directors Course, where she gained significant knowledge in conflict of interest and governance training. Prue has been involved in numerous football netball clubs across the state, and served locally on the Bears Lagoon Serpentine Netball Club committee from a young age. She is no longer an active committee member, at this time she has her hands full chasing her 3 sons commitments with football, cricket and swimming, as well as assisting her husband Luke, and parents Garry & Kaye Addlem on their farming property at Serpentine. Prue also brings experience and agricultural knowledge from many years working with Statewide Agricultural Advisory boards, where she worked extensively with current and past political parties ensuring regional Victoria had a strong voice in parliament. Prue is very passionate about her local community, and sees her position on the Bank Board as one where she can give back to her local community.

Special responsibilities: Sponsorship and Grants Committee, Audit and Governance Committee

Name: Maxwell Charles Higgs
Title: Non-executive director
Experience and expertise: Graduated MBBS University of Melbourne in 1981. Max has worked as a General Practitioner in the area for over 30 years. Australia wide rural and remote locum since 2016. He served 3 years as Councillor for the Inglewood Riding Shire of Loddon, previously a member of Inglewood & District Health Services Board of Management and was a foundation board member of the Inglewood & Districts Community Enterprises Limited.

Special responsibilities: Human Resources Committee, Strategic Planning and Marketing Committee

Name: Annette Maree Higgs
Title: Non-executive director, Treasurer
Experience and expertise: Annette has 35 years experience as a Company Manager/ Medical practice Manager. She has previously held the position of President at St Mary's primary School Inglewood. Annette is a Bendigo Art Gallery volunteer guide and a founder of the Loddon Eagles Tennis Club.

Special responsibilities: Sponsorship and Grants Committee

Name: Carol Anne Canfield
Title: Non-executive director
Experience and expertise: Carol holds a Diploma of Human Resource Management, Business Continuity Management Principles & Good Practice Cert, Diploma of Business (Accounting) and Farm Financial Management Certificate. Carol is a former board member of the North Central Learning Education Network and Loddon Mallee Women's Health. She has over 45 years in Local Government in both rural municipalities (East Loddon Shire and Loddon Shire) and a larger City based municipality (City of Greater Bendigo) her experience has been varied and extensive. Carol has lived in the district all her life being brought up on a farm at Serpentine and married a local from Powlett Plains, she has held positions in the Bears Lagoon/Serpentine Netball Club, Serpentine Red Cross, Inglewood Preschool, Inglewood Golf Club, Inglewood Calisthenics Club and Inglewood Primary School.

Special responsibilities: Human Resources Committee, Strategic Planning and Marketing Committee

Directors' report (continued)

Name: Timothy Malcolm Birthisel
Title: Non-executive director
Experience and expertise: Timothy is a senior leader with over 30 years' experience in financial services. Timothy is a team player with strong relationship building, community relations and developing mutually beneficial relationship skills. Timothy has demonstrated the ability to work with and collaboratively with stakeholders at all levels. Proven experience managing external vendor relationships and leading successful internal teams. Underpinning his wide experience are relationship building skills that set him apart. Timothy thrives on working in partnership with people and his strong networking skills have been very beneficial when working with community volunteers. Most recently Timothy has been consulting to Kirkland Lake Gold for their Community Partnership Program. Since Timothy's commencement, they have developed a Governance Committee charter and a funding guidelines document. In March 2021, Kirkland Lake Gold announced they would put \$10m US (\$13.8m AUS) back into the communities where they operate mines. Timothy has been working with several community organisations to identify a program or project that requires some additional corporate funding. So far, they have helped 17 community organisations. Timothy is familiar working with all diverse backgrounds at through his time working at the Bendigo & Adelaide Bank. Timothy has always been part of the community through volunteering and playing local football and cricket. Timothy has coached senior football which has provided him with the necessary experience and knowledge to work with people from other backgrounds and cultures. As Senior Manager Group Agencies, he successfully led Bendigo Bank's first offshore expansion in its 160 year history. This service returned banking to the people of Nauru and is still operating successfully today. Timothy's career history includes working his way through the Bendigo Bank branch network, leading teams as a department manager and working closely with communities to establish their own community bank franchise branch. Timothy has had a significant mix of customer facing and corporate experience. From writing lending deals at branch level to negotiating franchise agreements and commercial transactions amongst community companies and the bank.

Special responsibilities: Strategic Planning and Marketing Committee

Name: Jillian Burdett
Title: Non-executive director (appointed 6 September 2022)
Experience and expertise: Jillian has been in banking for 38 years. She has been the Manager of Inglewood & District Community Bank since its opening in 2007 until retirement in 2018. Jillian is also President of the Inglewood Community Neighbourhood House.

Special responsibilities: Audit and Governance Committee

Name: Kim Hanlon
Title: Non-executive director (resigned 5 August 2022)
Experience and expertise: Kim holds a Diploma of Business Management, Certificate IV in Workplace Assessment & Training. She is past Secretary and Treasurer of the Inglewood Tourism and Development Committee & Inglewood Football Netball Club Inc. Kim is the Company Secretary of our organisation and is the Manager of the Inglewood Community Neighbourhood House. She has extensive experience in Office Administration, Bookkeeping and is a strong advocate for Community Development and Social Justice. Kim is a graduate of the Loddon Murray Community Leadership Program.

Special responsibilities: Minute taker of Marketing, Sponsorships & Business Development Sub-Committee

Name: David John Reimers
Title: Non-executive director (resigned 2 August 2022)
Experience and expertise: Educator, MB Business & Economics.
Special responsibilities: Nil

Company secretary

The company secretary is Robyn Eleanor Leach. Robyn was appointed to the position of company secretary on 2 August 2022.

Experience and expertise: Robyn holds a Diploma of Business Management (Accounting). She is a previous employee of the Australian Taxation Office (5 years) and Forestry Tasmania (23 years). Both roles were in Administration and Executive support. She currently runs her own Bookkeeping business and is a registered BAS agent. Robyn recently returned to Victoria from Tasmania (40 years) to be available to her children and grandchildren.

Directors' report (continued)

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 \$140,251 (30 June 2022: \$36,024).

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
	\$
Fully franked dividend of 5 cents per share (2022: 4 cents)	<u><u>25,271</u></u>

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 meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

The number of directors' meetings (including meetings of committees of directors') attended by each of the directors' of the company during the financial year were:

	Board		Audit and Governance Committee		Strategic Planning and Marketing Committee		Sponsorship Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Linda Joy Younghusband	11	11	-	-	-	-	6	6
Colleen Mary Condliffe	11	11	-	-	6	6	-	-
Stewart Dean Luckman	11	10	-	-	6	-	6	5
George Arthur Wyatt	11	8	3	3	-	-	-	-
Prue Janelle Milgate	11	5	3	3	-	-	6	4
Maxwell Charles Higgs	11	6	-	-	6	3	-	-
Annette Maree Higgs	11	11	-	-	-	-	6	6
Carol Anne Canfield	11	7	-	-	6	5	-	-
Timothy Malcolm Birthisel	11	10	-	-	6	6	-	-
Jillian Burdett	8	7	3	3	-	-	-	-
Kim Hanlon	1	1	-	-	-	-	-	-
David John Reimers	1	-	-	-	-	-	-	-

Directors' report (continued)

	Human Resources Committee	
	Eligible	Attended
Linda Joy Younghusband	4	4
Colleen Mary Condliffe	4	4
Stewart Dean Luckman	-	-
George Arthur Wyatt	-	-
Prue Janelle Milgate	-	-
Maxwell Charles Higgs	4	3
Annette Maree Higgs	-	-
Carol Anne Canfield	4	2
Timothy Malcolm Birthisel	-	-
Jillian Burdett	-	-
Kim Hanlon	-	-
David John Reimers	-	-

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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 23 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
Linda Joy Younghusband	500	-	500
Jillian Burdett	-	-	-
Colleen Mary Condliffe	501	-	501
Stewart Dean Luckman	-	-	-
George Arthur Wyatt	25,001	-	25,001
Prue Janelle Milgate	125	-	125
Maxwell Charles Higgs	1,500	-	1,500
Annette Maree Higgs	1,500	-	1,500
Carol Anne Canfield	1,000	-	1,000
Timothy Malcolm Birthisel	-	-	-

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*.

Directors' report (continued)

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:

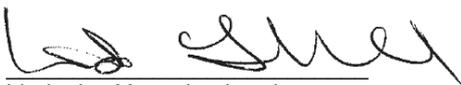
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional 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.

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



Linda Joy Younghusband
Chair

22 September 2023

Auditor's independence declaration



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Inglewood & Districts Community Enterprises Limited

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor



Financial statements

Inglewood & Districts Community Enterprises Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	1,141,613	710,333
Other revenue		10,000	13,750
Finance revenue		10,070	803
Total revenue		<u>1,161,683</u>	<u>724,886</u>
Employee benefits expense	7	(421,649)	(404,369)
Advertising and marketing costs		(9,421)	(7,077)
Occupancy and associated costs		(19,025)	(24,511)
System costs		(18,827)	(19,170)
Depreciation and amortisation expense	7	(70,084)	(67,980)
Finance costs		(2,837)	(2,175)
General administration expenses		(136,055)	(113,188)
Total expenses before community contributions and income tax expense		<u>(677,898)</u>	<u>(638,470)</u>
Profit before community contributions and income tax expense		483,785	86,416
Charitable donations, sponsorships and grants expense	7	<u>(290,125)</u>	<u>(30,773)</u>
Profit before income tax expense		193,660	55,643
Income tax expense	8	<u>(53,409)</u>	<u>(19,619)</u>
Profit after income tax expense for the year	18	140,251	36,024
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>140,251</u></u>	<u><u>36,024</u></u>
		Cents	Cents
Basic earnings per share	26	27.75	7.13
Diluted earnings per share	26	27.75	7.13

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

Financial statements (continued)

Inglewood & Districts Community Enterprises Limited Statement of financial position As at 30 June 2023

	Note	2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	9	484,650	339,576
Trade and other receivables	10	57,744	40,211
Total current assets		<u>542,394</u>	<u>379,787</u>
Non-current assets			
Property, plant and equipment	11	62,415	85,964
Right-of-use assets	12	50,362	62,461
Intangible assets	13	73,540	107,371
Total non-current assets		<u>186,317</u>	<u>255,796</u>
Total assets		<u>728,711</u>	<u>635,583</u>
Liabilities			
Current liabilities			
Trade and other payables	14	21,767	45,589
Lease liabilities	15	13,431	12,422
Current tax liabilities	8	41,726	10,589
Employee benefits		3,586	1,080
Total current liabilities		<u>80,510</u>	<u>69,680</u>
Non-current liabilities			
Trade and other payables	14	28,980	43,470
Lease liabilities	15	41,958	54,784
Deferred tax liabilities	8	1,427	7,444
Lease make good provision	16	18,771	18,120
Total non-current liabilities		<u>91,136</u>	<u>123,818</u>
Total liabilities		<u>171,646</u>	<u>193,498</u>
Net assets		<u>557,065</u>	<u>442,085</u>
Equity			
Issued capital	17	488,516	488,516
Retained earnings/(accumulated losses)	18	68,549	(46,431)
Total equity		<u>557,065</u>	<u>442,085</u>

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

Financial statements (continued)

Inglewood & Districts Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2023

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2021		488,516	(62,239)	426,277
Profit after income tax expense		-	36,024	36,024
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	36,024	36,024
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	20	-	(20,216)	(20,216)
Balance at 30 June 2022		<u>488,516</u>	<u>(46,431)</u>	<u>442,085</u>
Balance at 1 July 2022		488,516	(46,431)	442,085
Profit after income tax expense		-	140,251	140,251
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	140,251	140,251
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	20	-	(25,271)	(25,271)
Balance at 30 June 2023		<u>488,516</u>	<u>68,549</u>	<u>557,065</u>

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

Financial statements (continued)

Inglewood & Districts Community Enterprises Limited Statement of cash flows For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,252,307	777,150
Payments to suppliers and employees (inclusive of GST)		(1,033,299)	(684,691)
Interest received		7,411	803
Income taxes paid		<u>(28,289)</u>	<u>(20,812)</u>
Net cash provided by operating activities	25	<u>198,130</u>	<u>72,450</u>
Cash flows from investing activities			
Payments for property, plant and equipment	11	-	(8,679)
Payments for intangible assets		<u>(13,178)</u>	<u>-</u>
Net cash used in investing activities		<u>(13,178)</u>	<u>(8,679)</u>
Cash flows from financing activities			
Dividends paid	20	(25,271)	(20,216)
Repayment of lease liabilities	15	<u>(14,607)</u>	<u>(12,640)</u>
Net cash used in financing activities		<u>(39,878)</u>	<u>(32,856)</u>
Net increase in cash and cash equivalents		145,074	30,915
Cash and cash equivalents at the beginning of the financial year		<u>339,576</u>	<u>308,661</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>484,650</u></u>	<u><u>339,576</u></u>

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Inglewood & Districts Community Enterprises Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 64 Brooke Street, Inglewood VIC 3517.

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 22 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.

Notes to the financial statements (continued)

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.

Notes to the financial statements (continued)

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.

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 May 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.

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

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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	865,385	410,736
Fee income	49,006	46,504
Commission income	227,222	253,093
	<u>1,141,613</u>	<u>710,333</u>

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Margin income

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

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

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

Commission income

Commission income 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	306,966	301,991
Superannuation contributions	35,588	34,286
Expenses related to long service leave	2,608	1,184
Other expenses	76,487	66,908
	<u>421,649</u>	<u>404,369</u>

Notes to the financial statements (continued)

Note 7. Expenses (continued)

Accounting policy for employee benefits

Bendigo Bank seconded majority of the employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for the company as these are Bendigo Bank employees.

The company only employees a company secretary and a communications officer whose costs are recognised through fortnightly payroll reports. Annual leave and long service leave liabilities for these employees are recognised by the company.

Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	10,942	10,942
Plant and equipment	2,150	1,619
Motor vehicles	10,457	10,457
	<u>23,549</u>	<u>23,018</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>12,704</u>	<u>9,848</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,580	2,119
Franchise renewal fee	12,584	10,595
Domiciled customer accounts	18,667	22,400
	<u>33,831</u>	<u>35,114</u>
	<u>70,084</u>	<u>67,980</u>

Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u>5,411</u>	<u>6,109</u>

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

	2023 \$	2022 \$
Direct donation, sponsorship and grant payments	40,125	30,773
Contribution to the Community Enterprise Foundation™	<u>250,000</u>	<u>-</u>
	<u>290,125</u>	<u>30,773</u>

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.

Notes to the financial statements (continued)

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.

Note 8. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	59,343	23,030
Movement in deferred tax	(6,017)	(3,411)
Under/over adjustment	83	-
	<u>53,409</u>	<u>19,619</u>
<i>Aggregate income tax expense</i>		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	193,660	55,643
Tax at the statutory tax rate of 25%	48,415	13,911
Tax effect of:		
Non-deductible expenses	4,911	5,708
	<u>53,326</u>	<u>19,619</u>
Under/over adjustment	83	-
Income tax expense	<u>53,409</u>	<u>19,619</u>
	2023 \$	2022 \$
<i>Deferred tax liabilities/(assets)</i>		
Property, plant and equipment	8,050	13,622
Income accruals	1,274	609
Right-of-use assets	12,590	15,615
Lease liabilities	(13,847)	(16,802)
Employee benefits	(897)	(270)
Provision for lease make good	(4,693)	(4,530)
Accrued expenses	(1,050)	(800)
Deferred tax liability	<u>1,427</u>	<u>7,444</u>
	2023 \$	2022 \$
Provision for income tax	<u>41,726</u>	<u>10,589</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Notes to the financial statements (continued)

Note 8. Income tax (continued)

Accounting policy for deferred tax

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

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

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

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

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

Note 9. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	72,105	85,969
Term deposits	412,545	253,607
	<u>484,650</u>	<u>339,576</u>

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	46,673	32,096
Accrued income	5,091	2,432
Prepayments	5,980	5,683
	<u>11,071</u>	<u>8,115</u>
	<u>57,744</u>	<u>40,211</u>

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.

Notes to the financial statements (continued)

Note 11. Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements - at cost	151,679	151,679
Less: Accumulated depreciation	<u>(110,622)</u>	<u>(99,680)</u>
	41,057	51,999
Plant and equipment - at cost	51,141	51,141
Less: Accumulated depreciation	<u>(33,277)</u>	<u>(31,127)</u>
	17,864	20,014
Motor vehicles - at cost	52,284	52,284
Less: Accumulated depreciation	<u>(48,790)</u>	<u>(38,333)</u>
	3,494	13,951
	<u>62,415</u>	<u>85,964</u>

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 \$	Motor vehicles \$	Total \$
Balance at 1 July 2021	62,941	12,953	24,408	100,302
Additions	-	8,680	-	8,680
Depreciation	<u>(10,942)</u>	<u>(1,619)</u>	<u>(10,457)</u>	<u>(23,018)</u>
Balance at 30 June 2022	51,999	20,014	13,951	85,964
Depreciation	<u>(10,942)</u>	<u>(2,150)</u>	<u>(10,457)</u>	<u>(23,549)</u>
Balance at 30 June 2023	<u>41,057</u>	<u>17,864</u>	<u>3,494</u>	<u>62,415</u>

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	2 to 20 years
Plant and equipment	1 to 40 years
Motor vehicles	5 years

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

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

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

Notes to the financial statements (continued)

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	197,348	196,743
Less: Accumulated depreciation	<u>(146,986)</u>	<u>(134,282)</u>
	<u>50,362</u>	<u>62,461</u>

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	8,320
Remeasurement adjustments	63,989
Depreciation expense	<u>(9,848)</u>
Balance at 30 June 2022	62,461
Remeasurement adjustments	605
Depreciation expense	<u>(12,704)</u>
Balance at 30 June 2023	<u>50,362</u>

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.

Notes to the financial statements (continued)

Note 13. Intangible assets

	2023 \$	2022 \$
Domiciled customer accounts	112,000	112,000
Less: Accumulated amortisation	<u>(85,867)</u>	<u>(67,200)</u>
	26,133	44,800
Franchise fee	43,723	43,723
Less: Accumulated amortisation	<u>(35,875)</u>	<u>(33,295)</u>
	7,848	10,428
Franchise renewal fee	168,616	168,616
Less: Accumulated amortisation	<u>(129,057)</u>	<u>(116,473)</u>
	39,559	52,143
	<u>73,540</u>	<u>107,371</u>

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

	Domiciled customer accounts \$	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	67,200	1,570	7,851	76,621
Additions	-	10,977	54,887	65,864
Amortisation expense	<u>(22,400)</u>	<u>(2,119)</u>	<u>(10,595)</u>	<u>(35,114)</u>
Balance at 30 June 2022	44,800	10,428	52,143	107,371
Amortisation expense	<u>(18,667)</u>	<u>(2,580)</u>	<u>(12,584)</u>	<u>(33,831)</u>
Balance at 30 June 2023	<u>26,133</u>	<u>7,848</u>	<u>39,559</u>	<u>73,540</u>

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	May 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	May 2027
Domiciled customer accounts	Straight-line	5 years	June 2024

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.

Notes to the financial statements (continued)

Note 14. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	5,071	4,547
Other payables and accruals	16,696	41,042
	<u>21,767</u>	<u>45,589</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>28,980</u>	<u>43,470</u>

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 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	15,175	14,606
Unexpired interest	(1,744)	(2,184)
	<u>13,431</u>	<u>12,422</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	44,223	58,750
Unexpired interest	(2,265)	(3,966)
	<u>41,958</u>	<u>54,784</u>
<i>Reconciliation of lease liabilities</i>		
	2023 \$	2022 \$
Opening balance	67,206	11,279
Remeasurement adjustments	605	67,269
Lease interest expense	2,185	1,298
Lease payments - total cash outflow	(14,607)	(12,640)
	<u>55,389</u>	<u>67,206</u>

Notes to the financial statements (continued)

Note 15. Lease liabilities (continued)

Maturity analysis

	2023 \$	2022 \$
Not later than 12 months	15,175	14,606
Between 12 months and 5 years	44,223	58,750
	<u>59,398</u>	<u>73,356</u>

Accounting policy for lease liabilities

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

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

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

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise	Lease term end date used in calculations
Inglewood Branch	3.54%	5 years	N/A	N/A	June 2027

Note 16. Lease make good provision

	2023 \$	2022 \$
Lease make good	<u>18,771</u>	<u>18,120</u>

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be \$21,560 for the Inglewood branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on 31 May 2027 at which time it is expected the face-value costs to restore the premises will fall due.

Notes to the financial statements (continued)

Note 16. Lease make good provision (continued)

Accounting policy for provisions

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	505,412	505,412	505,412	505,412
Less: Equity raising costs	-	-	(16,896)	(16,896)
	<u>505,412</u>	<u>505,412</u>	<u>488,516</u>	<u>488,516</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

Notes to the financial statements (continued)

Note 17. Issued capital (continued)

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.

Note 18. Retained earnings/(accumulated losses)

	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(46,431)	(62,239)
Profit after income tax expense for the year	140,251	36,024
Dividends paid (note 20)	<u>(25,271)</u>	<u>(20,216)</u>
Retained earnings/(accumulated losses) at the end of the financial year	<u>68,549</u>	<u>(46,431)</u>

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.

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.

Notes to the financial statements (continued)

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 \$
Fully franked dividend of 5 cents per share (2022: 4 cents)	<u>25,271</u>	<u>20,216</u>

Franking credits

	2023 \$	2022 \$
Franking account balance at the beginning of the financial year	49,913	35,483
Franking credits (debits) arising from income taxes paid (refunded)	28,206	21,169
Franking debits from the payment of franked distributions	<u>(8,424)</u>	<u>(6,739)</u>
	69,695	49,913
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	69,695	49,913
Franking credits (debits) that will arise from payment (refund) of income tax	41,726	10,589
Franking credits available for future reporting periods	<u>111,421</u>	<u>60,502</u>

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	51,764	34,528
Cash and cash equivalents	<u>484,650</u>	<u>339,576</u>
	536,414	374,104
Financial liabilities		
Trade and other payables	50,747	89,059
Lease liabilities	<u>55,389</u>	<u>67,206</u>
	106,136	156,265

Accounting policy for financial instruments

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

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

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

Notes to the financial statements (continued)

Note 21. Financial instruments (continued)

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 subject to movements in market interest rates. The company held cash and cash equivalents of \$484,650 at 30 June 2023 (2022: \$339,576).

Price risk

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

Credit risk

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

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

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	21,767	28,980	-	50,747
Lease liabilities	15,175	44,223	-	59,398
Total non-derivatives	36,942	73,203	-	110,145

Notes to the financial statements (continued)

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	45,589	43,470	-	89,059
Lease liabilities	14,606	58,750	-	73,356
Total non-derivatives	<u>60,195</u>	<u>102,220</u>	<u>-</u>	<u>162,415</u>

Note 22. Key management personnel disclosures

The following persons were directors of Inglewood & Districts Community Enterprises Limited during the financial year and/or up to the date of signing of these Financial Statements.

Linda Joy Younghusband	George Arthur Wyatt
Jillian Burdett	Timothy Malcolm Birthisel
Prue Janelle Milgate	Maxwell Charles Higgs
Colleen Mary Condliffe	Annette Maree Higgs
Stewart Dean Luckman	Carol Anne Canfield

Compensation

Key management personnel compensation comprised the following.

	2023 \$	2022 \$
Short-term employee benefits	<u>-</u>	<u>8,589</u>

Compensation of the company's key management personnel includes salaries.

Note 23. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
The company made sponsorships to community groups where company directors also are committee members.	2,601	-
A director is on the committee that manages the Inglewood Town Hall which the bank used for monthly board meetings.	595	-

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

Notes to the financial statements (continued)

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 \$
<i>Audit services</i>		
Audit or review of the financial statements	5,400	5,200
<i>Other services</i>		
Taxation advice and tax compliance services	860	600
General advisory services	2,470	1,900
Share registry services	4,477	4,169
	<u>7,807</u>	<u>6,669</u>
	<u>13,207</u>	<u>11,869</u>

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	140,251	36,024
Adjustments for:		
Depreciation and amortisation	70,084	67,980
Lease liabilities interest	2,185	1,299
Change in operating assets and liabilities:		
Increase in trade and other receivables	(17,533)	(20,180)
Decrease in trade and other payables	(25,134)	(13,438)
Increase in provision for income tax	31,137	2,218
Decrease in deferred tax liabilities	(6,017)	(3,411)
Increase in employee benefits	2,506	1,080
Increase in other provisions	651	878
Net cash provided by operating activities	<u>198,130</u>	<u>72,450</u>

Note 26. Earnings per share

	2023 \$	2022 \$
Profit after income tax	<u>140,251</u>	<u>36,024</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>505,412</u>	<u>505,412</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>505,412</u>	<u>505,412</u>
	Cents	Cents
Basic earnings per share	27.75	7.13
Diluted earnings per share	27.75	7.13

Notes to the financial statements (continued)

Note 26. Earnings per share (continued)

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Inglewood & Districts Community Enterprises Limited 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.

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



Linda Joy Younghusband
Chair

22 September 2023

Independent audit report



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

Independent auditor's report to the Directors of Inglewood & Districts Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Inglewood & Districts Community Enterprises Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Inglewood & Districts Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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





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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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Liability limited by a scheme approved under Professional Standards Legislation.



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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

A handwritten signature in black ink, appearing to read 'Andrew Frewein Stewart'.

Andrew Frewein Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

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 **Bendigo Bank**