Annual Report 2023

Kiewa Mitta Murray Community Enterprises Limited

Community Bank - Mount Beauty & District and Corryong

ABN 87 126 422 062

Contents

Chairman’s report

For year ending 30 June 2023

It gives me great pleasure to report on the progress of our Company for the year ended 30th June 2023.

This financial year we celebrated 15 years of operations since we opened our doors in December 2007 with a lot of faith and just $6M on the books. That faith that our shareholders displayed back then has well and truly been rewarded over the ensuing 15 years as we have now grown to an enterprise with over $231M of business on the books.

After celebrating our official birthday with festivities at the Mount Beauty Market in December, in June this year we made a special round of Community Grants to a range of local organizations of almost $500,000. This brought out total grants for the year to $648536, a truly amazing result. This brings our total return to the community to just over $2.72 million. As well as this our dividend was maintained and we have continued to repay the faith our shareholders demonstrated.

Whilst we have moved on from the last few years of bushfires and covid restrictions we have still faced issues with the recruitment and training of staff. Special thanks go to our Senior Manager, Shelley Maher for her outstanding efforts in driving the enterprise forward regardless of the challenges. This year we welcomed Jen Coombes and Lizzie Villestas to our Mount Beauty Office and also welcomed back Alana Goznik to her new role as Assistant Branch Manager at Mount Beauty. We also thank Carli Emond for her service.

We continue to provide banking services to the Corryong community and the Upper Murray area through our Corryong Business Service Centre by appointment. Tangambalanga, and the Mitta Valley also continue to provide many new business opportunities. These ventures have been – and will continue to be - very important to our growth strategy and to our bottom line. In the last 12 months, we have made a profit of $124,416 after tax. This profit comes after a total of $648,536 was distributed to 41 recipient organizations. In 2022-23, we have also sponsored a local student, Bryson Millichamp of Tallangatta, with the Dave Harley Memorial Scholarship to assist with his university studies. We also awarded a Chairmans Bursary to Grace Middleton of Cudgewa for 2 years to assist with her studies
The Susie Cohn Memorial Bursary for the Creative Arts to assist a local to further their development in any creative arts field was awarded to Axel Mero who continues his studies with the Royal Ballet School in London.

Community Bank – Mount Beauty & District, Corryong Business Centre and Corryong Agency (through the franchise of Kiewa Mitta Murray Community Enterprises Limited) is a part of an ever-growing family of community banks and we pay tribute to the foresight shown by the Bendigo & Adelaide Bank Ltd. in developing the concept which is continuing to evolve. We thank our Regional Manager Galen Munari for his support. We have also received strong support from the Rural Bank team.

Lastly, I wish to thank all Board members for their efforts. Again, this is a team effort and each Director gives freely of their individual time and talents. I would like particularly to acknowledge the vast amount of time and effort put in by our Secretary, Dorothy Morrison. I also recognise the input and support of Vice-Chair Barb Pyle whose diligence in our sponsorship and marketing areas is very much appreciated. Thanks also to Luke Heiser for his service as a Board Member

Andrew Randell, Chairman

Senior Manager's Report

For year ending 30 June 2023

As Senior Manager of Community Bank - Mount Beauty & District I am very pleased to submit my Report on a challenging but successful year despite the changes in economic conditions and the ongoing restructures of business practice and procedures. Despite the continuing difficulties, our banking business growth continued throughout the year with an increased profit over 2022.

I am very privileged to lead the enthusiastic staff members of Community Bank - Mount Beauty & District both at the Mount Beauty site and the Corryong Business Service Centre. With increased business opportunities in the Kiewa, Mitta and Upper Murray Valleys, our dedicated staff members have adapted smoothly to the ever-changing workloads, workplace requirements and limitations. This staff teamwork and co-operative support is reflected in their ability to maintain our high standards of service provision in all sectors of banking and provide the full range of banking services to all our customers.

During the year there were some staff changes. Our trainee Hannah Pitcher-Murphy relocated and our Business Development Manager Jennifer Klippel (based in Corryong) resigned for health reasons. Carly Emond also resigned as a casual CRO and took up a full-time position in another area of the financial sector. We wish all three ladies well in their future careers. Alana Goznik continues her valued role but now based locally and I express my personal thanks to her for her support as Assistant Bank Manager. We have been most fortunate to gain two excellent staff members in Jennifer Coombes and Lizzie Villestas – both of whom have fitted seamlessly into the banking team. Emma Williams and Vanessa Maganabosco continue to work wonderfully well in their respective roles and complete our formidable and united banking team par excellence.

The commitment, hard work and dedication of our staff is supported by all our bank customers, community groups and organisations. This has ensured that our community bank was able to support many (and varied!) community projects, events and educational grants. Sponsorship grants of $684,536 in total for 2022-23 were distributed to over 40 local community groups to provide community support and infrastructure in an extremely wide range of projects – events, equipment and community service recognition.

The input and support of the Bendigo & Adelaide Bank and Rural Bank teams continues to develop and we now work much more closely with Rural Bank since it came under the Bendigo & Adelaide Bank Ltd. umbrella. This co-operation continues to be of great benefit to our rural customers and communities.

On behalf of myself and the banking team I express our thanks to Chairman Andrew Randell and all our board members: Vice-Chair Barbara Pyle, Secretary Dorothy Morrison and Directors Bill Best, Mac Paton, Sarah Gardiner, Justin Costello and Luke Heiser (now retired). Their policy management, vision for the future and voluntary commitment ensures that our community bank will continue to prosper and serve the communities throughout the Kiewa, Mitta and Upper Murray valleys.

In closing, I express my continuing enthusiasm for the year ahead as the banking team and I work together with the Board of Directors to develop further business growth and a positive future for us all.

Shelley Maher

Senior Branch Manager

Kiewa Mitta Murray Community Enterprises Limited
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:	Andrew John Randell
Title:	Non-executive director
Experience and expertise:	Registered Commercial & Domestic Building Practitioner. Director & Chairman of KMMCEL since 2008. Past Chairman of Alpine Health. Past Alpine Shire Councillor. Past President of Dederang Mt Beauty Football & Netball Club. Charter Member, Past President twice. Paul Harris Fellow.
Special responsibilities:	Chairman of Board of Directors and ex office member of all committees.

Name:	Dorothy Morrison
Title:	Non-executive director
Experience and expertise:	Fellow of the Institute of Legal Executives (Victoria). Extensive experience in legal sphere administration including relevant financial advice and estate planning. Community involvement over many years as member of management committees and advisory groups. Company Secretary since 2009, Director since 2010 and is also currently acting Treasurer to the Board.
Special responsibilities:	Secretary, Supervision and maintenance of company share registry, Governance & Management Committee, Sponsorship & Marketing Committee and administrative and corporate support to Board and Committees.

Name:	William Charles Best
Title:	Non-executive director
Experience and expertise:	Senior Manager for Defence and Special Projects - RMS Software Development Co. Previously Alpine Shire Councillor, currently a member of several community-based committees, including Upper Kiewa Valley Community Association.
Special responsibilities:	Governance and Risk Management committee, Human Resources Committee

Name:	Barbara Jean Pyle
Title:	Non-executive director
Experience and expertise:	Deputy Chair of Board of Directors. Trained Infant school teacher. Diploma in Transport at Monash University. Past Chairperson of Falls Creek Resort Management Board. Executive positions on Falls Creek Chamber of Commerce, Tawonga School Council, Mt. Beauty Secondary College Council. Past President of Mt. Beauty Rotary Club.
Special responsibilities:	Deputy Chair of Board of Directors, Chair of the Marketing and Sponsorship Committee

Name:	Justin Troy Costello
Title:	Non-executive director
Experience and expertise:	Justin has a lifelong association with the Upper Murray, having grown up on in Corryong and working locally as a stock agent for the past eight years. Experience with several multi-national real estate companies in Melbourne in the area of industrial and residential properties for twelve years adds to his scope of knowledge and expertise in asset management and farm activities. Justin holds an Associate Diploma in Business and is a licensed real estate agent in both Victoria and New South Wales.
Special responsibilities:	Nil

Name:	John McMeekin Paton
Title:	Non-executive director
Experience and expertise:	Dairy farming, beef farming, sheep farming. Diploma Agriculture, Diploma Valuation and Farm Management (NZ). Mitta Football Club President. Chair of Mitta Valley Advancement Forum. Chair "Our Valley Our Future" Project. Chair Mitta (Inc). Director Gippsland Northern. Towong Shire Councillor and Commissioner. Member of Vic Farmers Federation and Goulburn Murray Water.
Special responsibilities:	Nil

Name:	Sarah Jane Gardner
Title:	Non-executive director
Experience and expertise:	Sarah Gardiner has called the Upper Kiewa Valley home for 14 years, and joined the Board in July 2020. She is passionate about the community and the environment. Sarah has travelled extensively overseas and since her return has worked in the travel industry with a focus on leisure accommodation. She is currently Accounts Manager for Traverse Alpine Group and focuses on Falls Creek, Mount Beauty and Lake Hume and the development of those regions and the unique environment of those outstanding areas.
Special responsibilities:	Nil

Name:	Luke Anthony Heiser
Title:	Non-executive director (resigned 25 October 2022)
Experience and expertise:	Qualified radiographer, business proprietor and is currently Mathematics teacher at Corryong High school. Luke also owns his very successful hospitality business in Corryong. He also works extensively to assist young people in his community to maximise their potential and opportunities.
Special responsibilities:	Nil

Company secretary
The company secretary is Dorothy Morrison. Dorothy was appointed to the position of company secretary on 29 October 2009.

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 $124,416 (30 June 2022: $42,158).

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 8 cents per share (2022: 8 cents)	49,062

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
Since the end of the financial year, the company has paid $187,000 to the Alpine Health. This expense was recorded in the 2022/23 accounts and shown as a liability as at 30 June 2023.

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

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

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

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

	Board	
	Eligible	Attended
Andrew John Randell	11	11
Dorothy Morrison	11	11
William Charles Best	11	8
Barbara Jean Pyle	11	7
Justin Troy Costello	11	4
John McMeekin Paton	11	10
Sarah Jane Gardner	11	7
Luke Anthony Heiser	4	-

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
Andrew John Randell	26,001	-	26,001
Dorothy Morrison	500	-	500
William Charles Best	1,001	-	1,001
Barbara Jean Pyle	21,000	-	21,000
Justin Troy Costello	500	-	500
John McMeekin Paton	1,500	-	1,500
Sarah Jane Gardner	-	-	-
Luke Anthony Heiser	1,000	-	1,000

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

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

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

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

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

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

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

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

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

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

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

____
Andrew John Randell
Chair

22 September 2023

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Kiewa Mitta Murray Community Enterprises Limited

As lead auditor for the audit of Kiewa Mitta Murray 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.

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

Joshua Griffin
Lead Auditor

Kiewa Mitta Murray Community Enterprises Limited

ABN 87 126 422 062

Financial Report - 30 June 2023

Kiewa Mitta Murray 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	1,692,575	1,097,869
Other revenue		26,364	2,500
Finance revenue		6,732	779
Total revenue		1,725,671	1,101,148
Employee benefits expense	7	(597,638)	(535,435)
Advertising and marketing costs		(4,601)	(1,249)
Occupancy and associated costs		(48,198)	(38,131)
System costs		(22,225)	(25,456)
Depreciation and amortisation expense	7	(112,918)	(101,628)
Finance costs	7	(16,978)	(4,923)
General administration expenses		(122,970)	(159,723)
Total expenses before community contributions and income tax expense		(925,528)	(866,545)
Profit before community contributions and income tax expense		800,143	234,603
Charitable donations, sponsorships and grants expense	7	(633,732)	(178,238)
Profit before income tax expense		166,411	56,365
Income tax expense	8	(41,995)	(14,207)
Profit after income tax expense for the year	18	124,416	42,158
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		124,416	42,158
		Cents	**Cents**
Basic earnings per share	26	20.29	6.87
Diluted earnings per share	26	20.29	6.87

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

Kiewa Mitta Murray Community Enterprises Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	529,732	428,521
Trade and other receivables	10	180,541	94,210
Total current assets		710,273	522,731
Non-current assets			
Property, plant and equipment	11	224,284	191,268
Right-of-use assets	12	375,514	185,605
Intangible assets	13	57,319	5,509
Total non-current assets		657,117	382,382
Total assets		1,367,390	905,113
Liabilities			
Current liabilities			
Trade and other payables	14	209,118	42,235
Lease liabilities	15	18,254	34,478
Current tax liabilities	8	21,874	8,572
Employee benefits	16	26,929	11,342
Total current liabilities		276,175	96,627
Non-current liabilities			
Lease liabilities	15	379,550	163,684
Deferred tax liabilities	8	10,433	7,270
Employee benefits	16	518	7,582
Lease make good provision		11,558	16,148
Total non-current liabilities		402,059	194,684
Total liabilities		678,234	291,311
Net assets		689,156	613,802
Equity			
Issued capital	17	585,438	585,438
Retained earnings	18	103,718	28,364
Total equity		689,156	613,802

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

Kiewa Mitta Murray 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		585,438	35,268	620,706
Profit after income tax expense		-	42,158	42,158
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	42,158	42,158
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(49,062)	(49,062)
Balance at 30 June 2022		585,438	28,364	613,802

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		585,438	28,364	613,802
Profit after income tax expense		-	124,416	124,416
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	124,416	124,416
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(49,062)	(49,062)
Balance at 30 June 2023		585,438	103,718	689,156

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

Kiewa Mitta Murray 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)		1,775,710	1,202,087
Payments to suppliers and employees (inclusive of GST)		(1,419,498)	(1,049,282)
Interest received		2,806	687
Income taxes paid		(25,530)	(19,249)
Net cash provided by operating activities	25	333,488	134,243
Cash flows from investing activities			
Payments for property, plant and equipment	11	(102,370)	(7,685)
Payments for intangible assets	13	(64,890)	-
Proceeds from disposal of property, plant and equipment		26,364	-
Net cash used in investing activities		(140,896)	(7,685)
Cash flows from financing activities			
Dividends paid	20	(49,062)	(49,062)
Repayment of lease liabilities	15	(42,319)	(38,316)
Net cash used in financing activities		(91,381)	(87,378)
Net increase in cash and cash equivalents		101,211	39,180
Cash and cash equivalents at the beginning of the financial year		428,521	389,341
Cash and cash equivalents at the end of the financial year	9	529,732	428,521

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

Note 1. Reporting entity

The financial statements cover Kiewa Mitta Murray 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 28 Hollonds Street, Mount Beauty VIC 3699.

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.

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

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

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

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

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

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,403,134	688,152
Fee income	64,423	67,318
Commission income	225,018	342,399
	1,692,575	1,097,869

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Margin income
Margin on core banking 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	502,082	462,953
Non-cash benefits	1,256	880
Superannuation contributions	52,411	44,438
Expenses related to long service leave	(659)	(4,708)
Other expenses	42,548	31,872
	597,638	535,435

Note 7. Expenses (continued)

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	8,925	11,135

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.

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	25,095	23,644
Plant and equipment	3,023	3,806
Motor vehicles	41,236	31,103
	69,354	58,553
Depreciation of right-of-use assets		
Leased land and buildings	30,484	29,852
Amortisation of intangible assets		
Franchise fee	2,180	2,204
Franchise renewal process fee	10,900	11,019
	13,080	13,223
	112,918	101,628

Finance costs

	2023 $	2022 $
Lease interest expense	16,355	4,163
Unwinding of make-good provision	623	760
	16,978	4,923

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

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments expense	633,732	178,238

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).

Note 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	38,832	22,170
Movement in deferred tax	3,163	(7,963)
Aggregate income tax expense	41,995	14,207
Prima facie income tax reconciliation		
Profit before income tax expense	166,411	56,365
Tax at the statutory tax rate of 25%	41,603	14,091
Tax effect of:		
Non-deductible expenses	392	116
Income tax expense	41,995	14,207

	2023 $	2022 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	25,681	19,883
Income accruals	1,076	95
Right-of-use assets	93,879	46,402
Lease liabilities	(99,451)	(49,541)
Employee benefits	(6,862)	(4,731)
Provision for lease make good	(2,890)	(4,037)
Accrued expenses	(1,000)	(801)
Deferred tax liability	10,433	7,270

	2023 $	2022 $
Provision for income tax	21,874	8,572

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

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

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

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

Note 8. Income tax (continued)

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	187,830	217,466
Term deposits	341,902	211,055
	529,732	428,521

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	150,251	87,911
Other receivables and accruals	2,269	-
Accrued income	4,304	378
Prepayments	23,717	5,921
	30,290	6,299
	180,541	94,210

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

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

Note 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	311,372	311,372
Less: Accumulated depreciation	(183,877)	(158,782)
	127,495	152,590
Plant and equipment - at cost	75,931	63,640
Less: Accumulated depreciation	(54,314)	(51,291)
	21,617	12,349
Motor vehicles - at cost	181,643	136,748
Less: Accumulated depreciation	(106,471)	(110,419)
	75,172	26,329
	224,284	191,268

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	168,815	16,155	57,432	242,402
Additions	8,998	-	-	8,998
Disposals	(1,579)	-	-	(1,579)
Depreciation	(23,644)	(3,806)	(31,103)	(58,553)
Balance at 30 June 2022	152,590	12,349	26,329	191,268
Additions	-	12,291	90,079	102,370
Depreciation	(25,095)	(3,023)	(41,236)	(69,354)
Balance at 30 June 2023	127,495	21,617	75,172	224,284

Additions
During the financial year the company purchased a new motor vehicle and completed works on their community trailer.

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

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

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

Leasehold improvements	1 to 20 years
Plant and equipment	1 to 40 years
Motor vehicles	3 to 4 years

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

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

Note 11. Property, plant and equipment (continued)

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

Changes in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. 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	764,441	544,048
Less: Accumulated depreciation	(388,927)	(358,443)
	375,514	185,605

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	104,382
Remeasurement adjustments	111,075
Depreciation expense	(29,852)
Balance at 30 June 2022	185,605
Remeasurement adjustments	220,393
Depreciation expense	(30,484)
Balance at 30 June 2023	375,514

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

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

Refer to note 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 **$**	**2022** **$**
Franchise fee	43,370	32,555
Less: Accumulated amortisation	(33,817)	(31,637)
	9,553	918
Franchise renewal fee	166,852	112,777
Less: Accumulated amortisation	(119,086)	(108,186)
	47,766	4,591
	57,319	5,509

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	3,122	15,610	18,732
Amortisation expense	(2,204)	(11,019)	(13,223)
Balance at 30 June 2022	918	4,591	5,509
Additions	10,815	54,075	64,890
Amortisation expense	(2,180)	(10,900)	(13,080)
Balance at 30 June 2023	9,553	47,766	57,319

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

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

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

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

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

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

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

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

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	188,509	24,883
Other payables and accruals	20,609	17,352
	209,118	42,235

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

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

Note 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	41,982	42,309
Unexpired interest	(23,728)	(7,831)
	18,254	34,478
Non-current liabilities		
Land and buildings lease liabilities	624,180	179,343
Unexpired interest	(244,630)	(15,659)
	379,550	163,684

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	198,162	120,843
Remeasurement adjustments	225,606	111,472
Lease interest expense	16,355	4,163
Lease payments - total cash outflow	(42,319)	(38,316)
	397,804	198,162

Remeasurement adjustments
The company extended the lease for their Mount Beauty branch during the current period. The landlord offered a lease extension of 5 years with 3 further 5 year options to extend the lease beyond this initial term. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the revised lease term end date of 30 November 2042.

Note 15. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	41,982	42,309
Between 12 months and 5 years	156,293	165,821
Greater than 5 years	467,887	13,522
	666,162	221,652

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index 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 not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Mount Beauty branch	6.25%	5 years	3 x 5 years	Yes	November 2042
Corryong Business Service Centre	4.29%	2 years	1 x 2 years and 1 x 1 year	Yes	January 2027

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	18,727	11,342
Long service leave	8,202	-
	26,929	11,342
Non-current liabilities		
Long service leave	518	7,582

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

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

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

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

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

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

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	613,278	613,278	613,278	613,278
Less: Equity raising costs	-	-	(27,840)	(27,840)
	613,278	613,278	585,438	585,438

Note 17. Issued capital (continued)

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 223. As at the date of this report, the company had 224 shareholders (2022: 225 shareholders).

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

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

Note 17. Issued capital (continued)

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

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

Note 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	28,364	35,268
Profit after income tax expense for the year	124,416	42,158
Dividends paid (note 20)	(49,062)	(49,062)
Retained earnings at the end of the financial year	103,718	28,364

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.

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 8 cents per share (2022: 8 cents)	49,062	49,062

Note 20. Dividends (continued)

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	37,619	34,724
Franking credits (debits) arising from income taxes paid (refunded)	25,530	19,249
Franking debits from the payment of franked distributions	(16,354)	(16,354)
	46,795	37,619
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	46,795	37,619
Franking credits (debits) that will arise from payment (refund) of income tax	21,874	8,572
Franking credits available for future reporting periods	68,669	46,191

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	156,824	88,289
Cash and cash equivalents	529,732	428,521
	686,556	516,810
Financial liabilities		
Trade and other payables	209,118	42,235
Lease liabilities	397,804	198,162
	606,922	240,397

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

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

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

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

Note 21. Financial instruments (continued)

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $529,732 at 30 June 2023 (2022: $428,521).

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

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	209,118	-	-	209,118
Lease liabilities	41,982	156,293	467,887	666,162
Total non-derivatives	251,100	156,293	467,887	875,280

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	42,235	-	-	42,235
Lease liabilities	42,309	165,821	13,522	221,652
Total non-derivatives	84,544	165,821	13,522	263,887

Note 22. Key management personnel disclosures

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

Andrew John Randell
Dorothy Morrison
William Charles Best
Barbara Jean Pyle
Justin Troy Costello
John McMeekin Paton
Sarah Jane Gardner
Luke Anthony Heiser

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 23. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
A director of the company is President of the Mitta United Football Club which received a sponsorship from the company during the year. The total benefit received was:	5,000	5,000
A director has provided the company with secretarial and board support services.	18,000	18,000
A director completed repairs and maintenance on the kitchen at Mt Beauty branch.	19,636	-

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

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,060	1,000
General advisory services	2,930	2,330
	3,990	3,330
	9,390	8,530

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	124,416	42,158
Adjustments for:		
Depreciation and amortisation	112,918	101,628
Net loss/(gain) on disposal of non-current assets	(26,364)	1,579
Lease liabilities interest	16,355	4,163
Change in operating assets and liabilities:		
Increase in trade and other receivables	(86,331)	(9,430)
Increase in trade and other payables	166,883	10,919
Increase in provision for income tax	13,302	2,921
Increase/(decrease) in deferred tax liabilities	3,163	(7,963)
Increase/(decrease) in employee benefits	8,523	(12,492)
Increase in other provisions	623	760
Net cash provided by operating activities	333,488	134,243

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	124,416	42,158
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	613,278	613,278
Weighted average number of ordinary shares used in calculating diluted earnings per share	613,278	613,278
	Cents	**Cents**
Basic earnings per share	20.29	6.87
Diluted earnings per share	20.29	6.87

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Kiewa Mitta Murray 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

Since the end of the financial year, the company has paid $187,000 to the Alpine Health. This expense was recorded in the 2022/23 accounts and shown as a liability as at 30 June 2023.

Note 29. Events after the reporting period (continued)

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

Kiewa Mitta Murray Community Enterprises Limited
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

Andrew John Randell
Chair

22 September 2023

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

Independent auditor's report to the Directors of Kiewa Mitta Murray Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kiewa Mitta Murray 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 Kiewa Mitta Murray 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.

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

As part of the 2023 Special Community Grants program, funding was provided to Alpine Health for equipment and upgraded facilities for the Mount Beauty Hospital and Kiewa Valley House.
Pictured (l. to r.) - Leanne Kilpatrick (Director of Health Services, Mount Beauty), Alana Goznik (Assistant Manager, Community Bank Mount Beauty, Dorothy Morrison (Company Secretary/Director, KMMCEL) and Nick Shaw (Alpine Health CEO.)
Thanks to Alpine Observer/Myrtleford Times for kind permission to use this photograph.

Sandy the War Horse was a significant project and part of our nation's history of service. The Tallangatta community wished to recognise this and undertook the project to provide a bronze statue of Sandy so the story would be available to all.
KMMCEL and Community Bank - Mount Beauty & District were also very privileged to provide financial support for the completion of the project.
Photo supplied by Kiewa Mitta Murray Community Enterprises Limited from company files.

Community Bank · Mount Beauty & District
28 Hollonds Street,
Mount Beauty VIC 3699
Phone: 03 5754 4484

Corryong Business Service Centre
2-61 Hanson Street,
Corryong VIC 3707
Phone: 0499 544 485

Franchisee: Kiewa Mitta Murray Community Enterprises Limited
ABN: 87 126 422 062
28 Hollonds Street (PO Box 125),
Mount Beauty VIC 3699
Phone: 0437 693 333 (Corporate)
Email: kmmcel@westnet.com.au

Share Registry:
Mrs. Dorothy Morrison
PO Box 125, Mount Beauty 3699
Phone: 0437 693 333
Email: kmmcel@westnet.com.au

Bendigo Bank