

Annual Report 2023

Leopold Community
Enterprises Limited

Community Bank
Leopold

ABN 39 133 061 800



Contents

| | |
|------------------------------------|----|
| Chairperson's report | 2 |
| Manager's report | 4 |
| Community investments | 6 |
| Directors' report | 12 |
| Auditor's independence declaration | 20 |
| Financial statements | 21 |
| Notes to the financial statements | 25 |
| Directors' declaration | 48 |
| Independent audit report | 49 |

Chairperson's report

For year ending 30 June 2023



To all our shareholders, your initial commitment to the Community Bank concept has allowed this Company to become an essential service in our community. Your continued support and advocacy are invaluable and enable us to grow the business and community outcomes.

It is my pleasure to submit the Chair report for the 2022/23 financial year for Leopold Community Enterprises Limited and what a year it has been. July 2022 got off to a busy start with lots of activity both in branch and in the community, and this has continued through the first half of 2023.

Financial performance

Over the past year our performance has been impacted by external factors. The increased interest rates benefiting revenue return but resulting in an unsettling of the home loan market, closure of Bendigo Bank Newcomb and the closure of the ATM at Gateway Plaza both resulting in more foot traffic at the branch, and of course the world returning to some sort of normality post COVID-19.

Our overall holdings have continued to grow, with our profit after income tax being \$558,595. Please refer to the audited financial statements in this Annual Report detailing the company's financial performance.

Our branch

Our success could not have been achieved without the energy, commitment and consistency of each team member in driving our business forward. In October we said goodbye to our Acting Branch Manager Britt Lonsdale as we welcomed Hannah Masset back from parental leave to lead our wonderful team. Over the past 12 months we have had a number of our team take promotions within Bendigo Bank and move on. We thank Chris White, Daina Howard and Tyler Stavenuiter for their support of the Company and our values and wish them all success in their new roles. With these leavings we welcomed Belinda Gillett, Dominique Adams and Mandy Breen to the team. They have settled well in the branch and we look forward to them seeing the impact their day-to-day roles have in our community.

Regarding the branch employees, the Board continues to be committed to parity across directly employed and Bendigo Bank seconded staff. With this in mind, we recently appointed Bendigo Bank to act as the Bargaining Representative along with many Community Banks for the process of establishing a Community Bank Cooperative Workplace Agreement (CB CWA). It is anticipated that this will be finalised and approved late 2023.

With Bendigo Bank's new corporate image, we invested in an update of the branch exterior, with new window decals and signage. Over the coming 12 months we will invest in a refurbishment of the interior of the branch which is required to accommodate the increased staff levels due to business growth. We look forward to modernising the branch to service our staff and customers into the future.

Chairperson's report (continued)

Our community

In the community, we are pleased to have met a significant milestone, over \$1.71 million invested back into the community. This year has been our busiest year with investments totalling over \$170,000. Please refer to the Community Investment section of this Annual Report for further information.

Our Board

I must thank my fellow Directors who continue to provide their time and expertise voluntarily to this Company. Recently we welcomed four new Directors and one returning Director. This now takes our Board membership to eleven. They are all extremely passionate about our community and truly understand the benefits that this Company provides to our local area. Please refer to the Directors' report section of this Annual Report for more detailed information.

Our partner

Bendigo Bank held a State Connects event in April 2023 looking at three key national focuses.

1. Impact of Community Investment
2. Strengthening the Community Bank model for the future
3. Community 2.0 – The digital world

Moving forward we will be kept abreast of changes, initiatives, and opportunities to strengthen our business, both in branch and for the community.

In September 2023, a National Community Bank conference will be held in Bendigo, celebrating 25 years of the Community Bank model and \$300 million invested back into our communities. The conference will offer the opportunity to connect with other Community Banks from across Australia, hear their stories and learn from their practices, along with hearing from renowned keynote speakers.

On behalf of our Board, I would also like to thank Bendigo and Adelaide Bank for the communication, direction and advice given both to our staff and Board over the past 12 months.

Our future

As we approach the next year, we look forward to our 15th year of operations on the 3 April 2024. We hope you will be available to join us in celebrating this fantastic achievement.

Our shareholders

Finally, to all our shareholders, your initial commitment to the Community Bank concept has allowed this Company to become an essential service in our community. Your continued support and advocacy are invaluable and enable us to grow the business and community outcomes.



Kylie Clayton
Chair - Leopold Community Enterprises Limited

Manager's report

For year ending 30 June 2023



As our motto says – Banking is our business. Community is our purpose. In the past 12 months, Leopold Community Enterprises Limited has contributed over \$172,000 back into our community. This now takes our community investments through grants, sponsorships and donations to over \$1.71 million. This is a great achievement and demonstrates the importance and value of banking locally.

It is with great pride that I present the Branch Manager report for Leopold Community Enterprises Limited for the 2022-23 financial year.

I returned from parental leave in October 2022 to find the business had been doing well under the guidance and direction of Britt Lonsdale. Thank-you Britt for the wonderful work you did in steering the business in my absence.

I am pleased to report that Community Bank Leopold has achieved another successful year. Through the changes and challenges, in particular the closure of Bendigo Bank Newcomb and the ATM at Gateway Plaza – we have showcased our ability to adapt and continue to provide support and services to our wonderful community.

As of 30 June 2023, our total customer base is 5,147 an increase of 4.5% on last year.

The total footings are \$205,924,999, slightly down on the previous year. In summary, as at the end of 2023 financial year, the branch business was:

- Loans - \$61,439,072
- Deposits - \$144,367,952
- Wealth Products - \$10,400,000
- Other Business - \$400,000

This year as we celebrated 14 years of operation, we welcomed new faces to Community Bank Leopold and said goodbye to some beloved staff members. Whilst Tyler returned for a short stint before gaining a promotion with Bendigo Bank, we also said goodbye to Chris and Daina who went onto other roles across the network. We thank them for their support of the branch and commitment to our community.

With this came the opportunity for employment of two additional staff, Belinda and Mandy. Belinda comes to us with many years of experience within Bendigo Bank and Mandy joins us from outside banking and is making a positive contribution to the branch already. We are currently searching for a new team member to complement the wonderful team. This will take our committed team to eight. That's eight people servicing our community.

I would like to personally thank our extraordinary staff who have been with us all year (Robyn, Dominique, Danielle and Paige) for their passion, versatility and teamwork in supporting our broader community's needs and requirements throughout these times and beyond.

Manager's report (continued)

As our motto says – Banking is our business. Community is our purpose. In the past 12 months, Leopold Community Enterprises Limited has contributed over \$172,000 back into our community. This now takes our community investments through grants, sponsorships and donations to over \$1.71 million. This is a great achievement and demonstrates the importance and value of banking locally.

We are fortunate to have a group of Directors who are dedicated, community-minded and provide their time, skills, and expertise for the benefit of the Community Bank and the local community within which we operate. I would also like to take this time to thank them for their vital role in advocating our business in the community and supporting us along the way. Their support of me personally and that of the branch, its staff and operations is key to the success of the company. This is in conjunction with the support of our Regional Manager David Tudor is pivotal to sustaining and growing our business.

Finally, it's a big thank you to our valued shareholders and customers for your amazing and ongoing contribution to our success. This profit share contribution would not be possible without the support of our shareholders and loyal customers. Your banking allows us to make a powerful impact to the Leopold community. We encourage you to assist us with our local advocacy efforts by introducing us to your family, friends, and your network contacts.

A handwritten signature in black ink, appearing to read 'Hannah Masset', with a stylized, flowing script.

Hannah Masset
Branch Manager

Community investments

Banking is our business, but community is our purpose. The support of customers enables us to investment our profits ensuring a positive impact on local wellbeing and prosperity.



\$1,715,341

Invested in the Leopold community to date



\$170,710

Invested in the Leopold community in 2022/23



42

Local projects and organisations funded in 2022/23

As we entered our 14th year, and entered a new 'normal' community engagement, we have been able to have a greater focus on our community and sporting groups. This year we achieve a major milestone – over \$1.7 million invested in our community. This year alone we have supported 25 organisations/clubs and invested \$170,710 into 42 projects of programs, equipment, development of facilities, and team and event sponsorships.



Top: Leopold Football Netball Club – happy to support the team.
Above: Remembering locally at the Leopold War Memorial.

| Group | Funding |
|---|--|
| 1st Geelong Scouts | Tents for camping trips |
| Allanvale Preschool | Equipment for facilities expansion project |
| Australian Decorative & Fine Arts Society | Membership printing |
| Bellarine Bears Baseball Club | Ground redevelopment project |
| Christ the King Primary School | Trivia fundraising event |
| Club Italia | Garden redevelopment |
| Community use | 2023 Community Directory, Community Newsletter, Marquees, Water bottles & Shopping bags |
| Friend in Me | Sponsorship of event 2023 |
| Geelong Youth Engagement | Kokoda Youth Program |
| Hands on Learning | Shed for Hands on Learning project at Geelong High School |
| Leopold Angling & Aquatic Club | Fencing project |
| Leopold Community & Learning Centre | Community Choir, new keyboard, & community IT support project |
| Leopold Cricket Club | Club sponsorship |
| Leopold Football Netball Club | Water fountain, development of women's change rooms, Juniors jumpers, scoreboard & team sponsorships |
| Leopold Football Netball Club | Consultant fees for redevelopment of women's change rooms |
| Leopold Hall | Laptop |
| Leopold Playgroup | Baby zone toys |
| Leopold Primary School | Shade Sails & Kind Kids program |
| Leopold Sportsman's Club (Bowls section) | Team sponsorship |
| Leopold Sportsman's Club (Golf section) | Tournament sponsorship |
| Leopold VIEW Club | Laptop |
| Lions Club of Leopold | Trivia Night fundraiser |
| St Vincent de Paul | Christmas hampers |
| Wallington Cricket Club | Leukaemia Foundation (Shave for a Cure) & Scoreboard project |
| Wallington Primary School | School calendars |
| Wombats Wish | Program grant |

Community investments (continued)

Commitment to working for our community • Ethical, honest and transparent governance
Responsive to the needs of our stakeholders • Exceed expectations and redefine professional excellence
Respect and inclusive to all



1st Geelong Scout Group



Lets go camping

"Community Bank Leopold continued to support our scout group. We thank them for the provision of new tents allowing our group to camp safely."

**Ted Pitfield, Group Leader,
1st Geelong Scout Group**

Sun shade in Leopold

"This shade structure has provided students and the community with excellent shade over the sandpit and playground equipment."

Thanks Community Bank Leopold for your continued support of the school and the Leopold community."

**Mandy Boyd, Outside School Hours Care Coordinator,
Leopold Primary School**



Enjoy being outdoors without the harmful sun



Australian Decorative & Fine Arts Society

A big thank you

"Thank you Community Bank Leopold for your grant for printing our 2023 lecture program, membership cards and information sheets."

We are incredibly thankful for your support and encourage others to use the services of Community Bank Leopold so they have the funds to invest in community groups such as ours."

Claire Hewitt - Chair - ADFAS

Community investments (continued)

Supporting those in need

Sadly, one in twenty children, before the age of eighteen, will experience the death of a parent. Given that averages to one in every classroom, we are so happy to combine with the other Community Banks in the region to support Wombats Wish in their provision of a free weekend camp for children and the surviving parent/carer from the greater Geelong area.



Wombats Wish Camps



Fresh water available for all

Passing through or spectating and need a drink?

"A fresh water drinking fountain has been installed between the main oval and the netball courts. It is available for everyone in the community to utilise, including dogs.

Without the grant from Community Bank Leopold this would not have been possible. How refreshing to know that profits are going back into our community! Please support them so they can continue to do such good work."

Richard Hockley, President, Leopold Football Netball Club

Hoping for a hole in one

"Thanks again Community Bank Leopold for your ongoing and valued sponsorship."

Johnnie Giuffrida, Committee, Leopold Sportsman's Club (Golf Section)



A fun day of golf



Followed by a BBQ with friends

Community investments (continued)

Creating an inclusive world for all children

"Thank you Community Bank Leopold for the sponsorship of the Friend in Me Family Fun Day. Everywhere I turned there was more happiness and that is thanks to all who were a part of it."

Louise Larkin, Chief of Inclusion, Friend in Me



Free drink bottles and lollies were a hit!



All smiles from those involved on the day



We all have a voice

A community coming together to SING OUT LOUD!

"Thanks to Community Bank Leopold, we have been able to establish a Community Choir. The choir is a supportive and valuable social outlet for locals to gather and sing."

Sherrill Roache, Manager, Leopold Community & Learning Centre

An experience to change lives

Community Bank Leopold have been honoured to partner with Geelong Youth Engagement for the Kokoda Youth Program which engages with young people to help them through the challenges they are facing in their lives.

The participants undertake an intensive year-long program which includes personal development, fitness, health, diet and most importantly role modelling with stable and genuine support.



Geelong Youth Engagement Kokoda Program

Community investments (continued)



Creating a beautiful and safe baby zone

Growing with our community

"Thank you Community Bank Leopold for being such a great supporter of our Playgroup.

The addition of our calm corner and baby zone has allowed us to embrace new members of our community and given our kids developmentally appropriate activities to enjoy.

We look forward to working together again in the future to help our growing community!"

Jess Conway, Leopold Playgroup

Inspirational & educational play

"We are truly grateful for the support of Community Bank Leopold. Our centre is looking fabulous. We now have a space to inspire and educate the next generation."

Emma Moore, Allanvale Pre-School



Allanvale Pre-School



All weather play area



Happy winners!

Bowling them over

"From junior to seniors, pennant teams and barefoot bowls, there is something for everyone at Leopold Sportsman's Club Bowls Section.

Community Bank Leopold has been a proud sponsor for over 10 years. Please support them and bank locally – so they can continue to support us."

Nicole Shortis, Operations Manager, Leopold Sportsman's Club (Bowls Section)

Community investments (continued)

Community Bank Leopold – Proud sponsors

"We are thankful to Community Bank Leopold for their ongoing support of our family friendly club.

Please support them so they can continue to support us."

Darren Barmby, President, Leopold Cricket Club



Making a difference



Being part of the team

Making Christmas brighter

"Thank you Community Bank Leopold for your support for Vinnies Christmas Project. Your contribution towards Christmas hampers for families in need are a small way of helping them enjoy the holiday season."

Margaret Rickards, President, Drysdale conference, St Vincent de Paul



Supporting families in need

World's Greatest Shave

"With the support from Community Bank Leopold, Wallington Cricket Club has raised an outstanding amount just over \$3,500 for the Leukaemia Foundation.

Thank you Community Bank Leopold for your contribution."

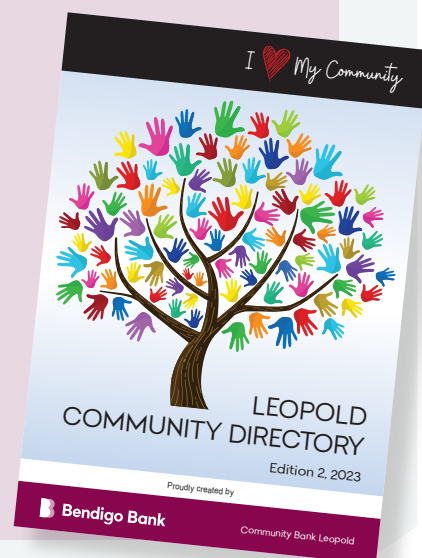
Marc Occhipinti, President, Wallington Cricket Club

What's happening in Leopold

The 2023 Community Directory has been created and produced by Community Bank Leopold.

Find out about all the community groups in Leopold as well as other important contact information.

Look out for it in your letterbox or it can be downloaded from our website.



Directors' report

For the financial year ended 30 June 2023

Principal activities

The principal activities of the company during the financial year were providing banking services under the management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited. There have been no significant changes in these activities during the year.

Review of operations

The company profit for the financial year 2022/23 after the provision for income tax was \$558,595.

The Board

The Board is comprised of independent volunteer directors and are supported by two paid roles for all accountancy work and an executive officer. Details of the directors' shareholdings and remuneration are included in this director's report. The Board is committed to a high standard of corporate governance, financial reporting and integrity in the company's operations and is supported by the following committees who advise the Board.

- Governance and risk
- Marketing and sponsorship
- People and culture
- Asset management and business development, and
- Finance, budget and audit.

Throughout this financial year we welcomed 4 new directors to our Board. These directors will be presented for ratification at the 2023 Annual General Meeting. Your Board as 30 June 2023 are as follows.



Kylie-Anne Clayton

Kylie was born in Melbourne, spent several years overseas as a child and then moved with her family to country Victoria. Throughout her childhood she spent many a holiday on the Bellarine and in 1998 she moved to Leopold, where she is now raising her two children.

Much of her spare time is spent supporting her children in their sporting endeavours, from swimming, soccer with FC Leopold, AFL with Leopold Football & Netball Club and participating in the Net Set Go program. Kylie is also a community member of the Leopold Primary School Council and joined the Board in 2020. She enjoys renovating as well as travelling.

Professionally, Kylie is a Certified Chartered Occupational Health & Safety Professional and Principal Auditor and comes from a strong background in leadership & executive coaching, with 20 years' experience working with and leading teams across operations and corporate support roles.

| | |
|-----------------------|--|
| Position | Chairperson |
| Committees | People and culture Governance and risk |
| Qualifications | Certified OHS Generalist Professional and Principal Auditor and executive leadership coach |
| Current directorships | NIL |
| Commencement date | 25 May 2020 |

Directors' report (continued)



Paul Madden

Paul was born, raised and educated in Newtown and Belmont. He lived in Leopold for over 30 years with his wife and four sons and currently resides in Moolap. He has been a self-employed Public Accountant, CPA, for forty years.

Paul has been past President of Leopold Scout Group, supported his sons attending the local AusKick, Little League and Leopold Football Club. His interests include cycling, sea kayaking, motorcycle riding, table tennis and collecting money boxes, Australian stamps and antique family bibles. He is a current volunteer for the Bicycle Network that operates Around-The-Bay-In a Day and The Great Victorian Bike Ride. Also, he is a Blazeaid volunteer.

Paul has been involved since the establishment of the Steering Committee (2007) and has had an active role since the company was formed in 2008. He currently holds the position of Treasurer.

| | |
|------------------------------|--|
| Position | Treasurer |
| Committees | Finance, budget and audit Asset management and business development |
| Qualifications | Accountant CPA, Registered Tax Agent |
| Experience | Certified Practising Accountant (CPA), Diploma of Business (Accounting), Registered Tax Agent |
| Current directorships | Lasorate Pty Ltd Investco Pty Ltd Providence Holdings Pty Ltd Link Consultants Pty Ltd |
| Commencement date | 3 September 2008 |



Bronwyn Shearer

Bronwyn has been a Leopold local for over thirty years and is married with two adult children. Her employment has been in social work, particularly in the fields of employment and training. She spent ten years working with Boards in the areas of governance practices, strategy and board evaluations. She is passionate about travel, especially cruising.

Bronwyn joined the Board in 2015 and uses her skills to strengthen its' governance practices. Outside of the Board work, the highlight of her Executive Officer and Company Secretary roles is working with the wonderful community groups of Leopold. She supports them through the provision of grants, donations and sponsorships from the Community Bank and assists with applications from other funding bodies.

| | |
|------------------------------|--|
| Position | Company Secretary |
| Committee | People and culture Governance and risk Marketing and sponsorship |
| Qualifications | Diploma of Community Welfare |
| Current directorships | AKS Electrical Services |
| Commencement date | 25 May 2015 |



Dennis More

Dennis brings a wealth of business experience to the Board. Starting his working life as an electrician, he has been self-employed in various business across Geelong over the past forty years. These have included electrical contracting, lighting retail, trenching contracting, and most recently as a commercial and industrial property developer.

He is an active member of many community organisations including the donation of land for use for the Leopold Angling and Aquatic Club. Dennis was keen to have the opportunity to join the Board and is now involved in the Marketing and sponsorship, and Asset management and business development Committees.

| | |
|------------------------------|--|
| Position | Director |
| Committees | Marketing and sponsorship Asset management and business development |
| Qualifications | Business developer and electrician |
| Current directorships | More Holdings P/L Leopold Lakes P/L Leopold Property Holdings P/L Hamotran P/L Newcomb Homemaker Centre P/L Spaced Investment Group P/L |

Commencement date 24 September 2018



Ramona Browne

Ramona has lived in Leopold for over 20 years and is a parent of two local primary school aged children.

She has a love for our beautiful community, its people and supporting all things local.

In recent years, she has held Executive roles on Leopold Primary School Council, Leopold Little Athletics, Leopold Playgroup and Leopold Kindergarten. Her family is also involved with the local soccer club – FC Leopold. Ramona's professional background is in Contract Management (International Trade), Human Resources and Tertiary Education.

| | |
|------------------------------|--|
| Position | Director |
| Committees | People and culture Marketing and sponsorship |
| Qualifications | Diploma of Science Diploma of Management Post Graduate Certificate in Education Business Leadership Post Graduate Certificate in Communications Post Graduate Certificate in Human Resources Masters Unit in People and Culture |
| Current directorships | NIL |
| Commencement | 29 June 2020 |

Directors' report (continued)



Keith Reynard

Keith moved from Strathfieldsaye to Leopold in September 2021.

He has extensive background experience serving on a diverse range of community committees having been a long-term secretary of the local cricket club, and a local councillor with the City of Greater Bendigo. Keith was instrumental in the formation of the Strathfieldsaye Community Enterprise Ltd.

His professional and employment history had a strong environmental and sustainability focus, with his last role being the Community Energy Leader for the Barwon South-West Community Power Hub, a program supporting local community and NFP organisations to reduce their energy costs and meet their carbon reduction goals. Since his recent retirement he has taken up the position as Secretary of the Friends of the Bellarine Rail Trail.

| | |
|------------------------------|---------------------------|
| Position | Director |
| Committees | Marketing and sponsorship |
| Qualifications | Masters in Energy Systems |
| Current directorships | NIL |
| Commencement date | 28 March 2022 |



Kerrie Napoli

Kerrie has lived in Leopold her whole life; her family having settled in the town in 1844. Kerrie and her husband raised their four children in Leopold, with three of their children continuing to live locally with their families. Kerrie has volunteered locally over many years with kindergartens, the primary school, girl guides, scouts and sporting clubs.

Kerrie is a mental health social worker and family therapist working in private practice in Geelong and has worked in the health and human services sector for 44 years. More recently she has been in private practice working with vulnerable children, young people and families and consulting to government and non-government organisations.

| | |
|------------------------------|---|
| Position | Director |
| Committees | Marketing and sponsorship |
| Qualifications | Diploma of Nursing Bachelor of Social Work Masters in Social Science (Family Therapy) |
| Current directorships | NIL |
| Commencement date | 1 May 2023 |



Michelle Jones

Michelle lives in Leopold with her husband, and her daughter who attends Leopold Primary School. She is a lover of good food and wine who enjoys cooking up a feast for family and friends and is 'an' arty type who is very 'hands on' and always has a craft/woodworking project on the go. Michelle has travelled extensively including to some "off the tourist track" places such as Transylvania. Michelle is a member of the Wallington Cricket Club as both a player and committee member.

As a freelance HR consultant Michelle has been providing support, advice, and expertise to both large and small public sector agencies in HR policy development and Enterprise Agreement bargaining. Before starting off on the 'consultant' journey Michelle's work history included 20 plus years' experience working in the public sector in Federal and State Government agencies undertaking roles including customer service, leadership, office management to name a few in both regional sites and national offices.

Michelle is very much a people person, and prides herself on her ability to build rapport with others, she has a can-do attitude and applies a practical approach to all that she does.

| | |
|------------------------------|---|
| Position | Director |
| Committees | Marketing and sponsorship |
| Qualifications | Graduate Certificate in Management Diploma of Project Management |
| Current directorships | NIL |
| Commencement date | 1 May 2023 |



John Leach

John was born in Geelong and educated at St Mary's Tech and Gordon Institute of Technology, with a Graduate Diploma in Accounting from Warrnambool Institute of Advanced Education.

John has lived in Leopold with his wife, Joan, for 46 years and they have two adult children. He has 50 years' experience in various accounting roles in industry and local government. Over the years John has also used his vast experience in supporting many local sporting clubs and community groups.

John previously spent 3 years on the Board from 2017 to 2020 and recently returned for a second term as director.

| | |
|------------------------------|--|
| Position | Director |
| Committees | Finance, budget and audit |
| Qualifications | Certified Practising Accountant |
| Current directorships | NIL |
| Commencement date | Previously 20 November 2017 to 31 August 2020 29 May 2023 |

Directors' report (continued)



Tiffany Quick

Tiffany is a Leopold resident who recently moved here from the Bellarine Peninsula in 2021. Tiffany grew up in Geelong and despite travelling for two years post university, chose Geelong to settle and raise a family.

She is a qualified Social Worker and spent most of her career in the Child and Family, until she had a career change 13 years ago. Now, she is a Senior Leader within the Victorian Public Service in the Geelong office.

Tiffany has a passion for Operational Leadership, Inclusion and Diversity, Reconciliation, supporting the most vulnerable in the community, road safety, connection to community and homelessness issues. In 2022 Tiffany completed the highly regarded Williamson Leadership course through Leadership Victoria.

In her spare time, you will find Tiffany walking her dog on the local trails, utilising the local library and gardening.

| | |
|------------------------------|---|
| Position | Director |
| Committees | Marketing and sponsorship |
| Qualifications | Bachelor of Social Work Grad Dip Family Therapy Grad Cert Personal Injury |
| Current directorships | NIL |
| Commencement date | 29 May 2023 |

Board meeting attendance

| | 25 Jul 2022 | 29 Aug 2022 | 26 Sept 2022 | 31 Oct 2022 | 28 Nov 2022 | 30 Jan 2023 | 27 Feb 2023 | 27 Mar 2023 | 1 Apr 2023 | 29 May 2023 | 26 Jun 2023 |
|-----------------|-------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|
| Kylie Clayton | P | A | P | P | P | P | P | P | P | P | A |
| Paul Madden | P | P | P | P | A | P | P | P | P | P | P |
| Bronwyn Shearer | P | P | P | P | P | P | P | P | P | A | P |
| Dennis More | P | P | P | P | P | P | P | A | P | P | P |
| Ramona Browne | P | P | P | A | P | P | P | P | P | P | P |
| Keith Reynard | P | A | P | P | P | P | P | P | P | A | P |
| Todd Hubers | P | P | P | P | A | R | | | | | |
| Mark Hoysted* | | | | | | | | | P | A | A |
| Kerrie Napoli | | | | | | | | | P | P | P |
| Michelle Jones | | | | | | | | | P | P | A |
| John Leach | | | | | | | | | | P | P |
| Tiffany Quick | | | | | | | | | | P | P |

P = Present A = Apology R = Resigned

*Resigned from the Board in July 2023

Company Secretary

Bronwyn Shearer has been Company Secretary of Leopold Community Enterprises Limited since 2018. Bronwyn's qualifications and experience include Diploma of Community Welfare and over 15 years' experience in governance.

Directors' report (continued)

Remuneration report

Director positions are held on a voluntary basis and therefore directors are not remunerated for their services. Other than detailed below, no director has received or become entitled to receive, during or since the financial year any income for their director roles or received income from any companies associated with the provision of services to the company. Two directors, Paul Madden and Bronwyn Shearer are employed by the company to provide additional services to the Board, external to their volunteer director positions.

Paul Madden CPA is contracted to undertake accountancy requirements of the Board external to the volunteer treasurer role and payment for these services is overseen by the Board. Payment for these contracted services totalled \$20,328 plus disbursements for the 12 months.

Bronwyn Shearer is employed directly by the Board as a part time Executive Officer. Her role is varied dependent on the requirements of the company which include but is not limited to administrative and compliance tasks, managing the low volume market and shareholder requirements, marketing and community development projects. Her remuneration for the 2022/23 year was \$51,187.14 plus superannuation.

The Board is responsible for the determination of remuneration packages for all staff and have opted to align this with that of Bendigo Bank staff given a proportion of staff are seconded from Bendigo Bank. This ensures parity across staff performing the same role. Performance reviews and remuneration of the Branch Manager are conducted in consultation with the Regional Manager of Bendigo Bank. Later 2023 a Community Bank Cooperative Workplace Agreement (CB CWA) will be in place and the Board has opted to be included in this process.

Equity holdings of key management personnel

The number of ordinary shares in the company held during the financial year and prior year by each director and other key management personnel, including their related parties, are set out below:

| Name | Balance @ 30 June 2022 | Net change in holdings | Balance @ 30 June 2023 |
|-----------------|---------------------------|---------------------------|---------------------------|
| Paul Madden | 26,051 | 0 | 26,051 |
| Bronwyn Shearer | 1,000 | 0 | 1,000 |
| Keith Reynard | 0 | 1000 | 1,000 |
| Ramona Browne | 0 | 1000 | 1,000 |
| Kerrie Napoli | 1,500 | 0 | 1,500 |

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Dividends

Dividends paid or declared since the start of the financial year. A fully franked final dividend of 5.0 cents per share was declared and paid on 9 November 2022 for the year ended 30 June 2022. No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

| Dividend History | |
|------------------|-------------------|
| 2022 | 5 cents franked |
| 2021 | 5 cents franked |
| 2020 | 7 cents franked |
| 2019 | 7 cents franked |
| 2018 | 7 cents franked |
| 2017 | 7 cents franked |
| 2016 | 6 cents franked |
| 2015 | 5 cents franked |
| 2014 | 5 cents franked |
| 2013 | 5 cents unfranked |
| 2012 | 3 cents unfranked |

Directors' report (continued)

Significant changes in the state of affairs

As reported in the 2021/22 Annual Report, the decision to temporarily the permanently close Newcomb Bendigo Bank branch and the ATM at Gateway Plaza, has had an enormous impact on the over-the-counter transaction rates and as a result on the workload of our staff. The Board instigated the increase in staff levels to cater for these challenges and have invested in the installation of an ATM at the branch.

Even with these investments, the company is still in a very good financial position due to cash reserves and record deposit rates as detailed in the financial reports.

Events subsequent to the end of the reporting period

The company will continue its provision of banking services to the community. No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

Environmental regulations

The company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary and employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith.

The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an Auditor of the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or 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 any part of those proceedings. The company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out in the financial report section of this annual report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of directors on 31 July 2023.



Kylie Clayton
Chair - Leopold Community Enterprises Limited

Auditor's independence declaration

Mark SP Wilkinson

ABN 46 472 629 469

Registered Company Auditor

27 August 2023

The Directors
Leopold Community Enterprises Limited
PO Box 74
LEOPOLD VIC 3224


Dear Directors,

To the Directors of Leopold Community Enterprises Limited (ABN 39 133 061 800)

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

I declare that to the best of my knowledge and belief, during the year ended 30 June 2023 there has been:

- (i) No contraventions of the auditor independence requirements as set out in 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.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Liability limited by a scheme approved under Professional Standards Legislation.

6 Kintyre Crescent (PO Box 235)
Leopold Vic 3224
Telephone: 0418 772 212
Email: auditvalue@bigpond.com

Financial statements

Income statement for the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---|------|------------------|----------------|
| Revenue | 2 | 1,982,987 | 1,104,419 |
| Expenses | | | |
| Employee benefits expense | 3 | (571,552) | (506,838) |
| Depreciation and amortisation | 3 | (21,354) | (19,229) |
| Finance costs | 3 | (5,626) | (8,633) |
| Bad and doubtful debts expense | 3 | 208 | (111) |
| Administration and general costs | | | - |
| Occupancy expenses | | (145,240) | (145,240) |
| IT expenses | | 44,517 | 44,517 |
| Other expenses | | (260,513) | (215,549) |
| | | (959,560) | (851,083) |
| Operating profit before charitable donations & sponsorship | | 1,023,427 | 253,336 |
| Charitable donations and sponsorships | | (278,634) | (62,377) |
| Profit before income tax | | 744,793 | 190,959 |
| Income tax benefit | 4 | (186,198) | (47,740) |
| Profit for the year after income tax | | 558,595 | 143,219 |
| Other comprehensive income | | - | - |
| Total comprehensive income for the year | | 558,595 | 143,219 |
| Profit attributable to members of the company | | 558,595 | 143,219 |
| Total comprehensive income attributable to members of the company | | 558,595 | 143,219 |
| Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the company (cents per share): | | | |
| - basic earnings per share | 19 | 71.60 | 18.36 |

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of financial position for the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|--------------------------------------|------|------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 5 | 1,387,050 | 931,326 |
| Trade and other receivables | 6 | 163,713 | 110,341 |
| Financial assets | 7 | 609,056 | 409,562 |
| Current tax asset | 4 | - | 6,044 |
| Other assets | 8 | 47,977 | 48,307 |
| Total current assets | | 2,207,796 | 1,505,580 |
| Non-current assets | | | |
| Property, plant and equipment | 9 | 74,523 | 77,359 |
| Intangible assets | 10 | 11,179 | 25,963 |
| Deferred tax assets | 4 | - | - |
| Right-of-Use Assets | 9c | 74,805 | 174,547 |
| Total non-current assets | | 160,507 | 277,869 |
| Total assets | | 2,368,303 | 1,783,449 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 12 | 61,677 | 47,872 |
| Current tax liability | 4 | 186,198 | 47,740 |
| Borrowings | 13 | - | - |
| Lease Liability | 13b | 84,346 | 110,835 |
| Provisions | 14 | 52,963 | 36,648 |
| Total current liabilities | | 385,184 | 243,095 |
| Non-current liabilities | | | |
| Borrowings | 13 | - | - |
| Provisions | 14 | 32,571 | 29,357 |
| Lease liability | 13b | - | 79,506 |
| Total non-current liabilities | | 32,571 | 108,863 |
| Total liabilities | | 417,755 | 351,958 |
| Net assets | | 1,950,548 | 1,431,491 |
| Equity | | | |
| Issued capital | 15 | 759,571 | 759,571 |
| Retained earnings | 16 | 1,246,179 | 726,590 |
| Reserves | 18 | (55,202) | (54,670) |
| Total equity | | 1,950,548 | 1,431,491 |

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of changes in equity for the year ended 30 June 2023

| | Note | Issued capital \$ | Retained earnings \$ | Reserves \$ | Total equity \$ |
|---|------|-------------------------|----------------------------|-----------------|-----------------------|
| Balance at 1 July 2021 | | 1,421,319 | | - | 1,421,319 |
| <i>Comprehensive income for the year</i> | | | | | |
| Profit for the year | | - | 143,219 | - | 143,219 |
| Other comprehensive income for the year | | - | - | - | - |
| | | - | 143,219 | - | 143,219 |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| Other value change | | - | - | (94,401) | (94,401) |
| Dividends paid or provided | 17 | - | (39,006) | - | (39,006) |
| Balance at 30 June 2022 | | 1,421,319 | 104,213 | (94,401) | 1,431,131 |
| Balance at 1 July 2022 | | 1,431,131 | - | - | 1,431,131 |
| <i>Comprehensive income for the year</i> | | | | | |
| Profit for the year | | - | 558,595 | - | 558,595 |
| Other comprehensive income for the year | | - | - | - | - |
| | | - | 558,595 | - | 558,595 |
| <i>Transactions with owners in their capacity as owners</i> | | | | | |
| GST, Right of use, Share revaluation | | | | (172) | (172) |
| Dividends paid or provided | 17 | - | (39,006) | - | (39,006) |
| Balance at 30 June 2023 | | 1,431,131 | 519,589 | (172) | 1,950,548 |

These financial statements should be read in conjunction with the accompanying notes.

Financial statements (continued)

Statement of cash flows for the year ended 30 June 2023

| | Note | 2023 \$ | 2022 \$ |
|---|------------|------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 1,828,970 | 1,103,238 |
| Payments to suppliers and employees | | (1,101,869) | (910,295) |
| Dividends received | | 16,208 | 12,513 |
| Interest paid | | - | - |
| Interest received | | 10,408 | 2,125 |
| Income tax paid | | (49,124) | (43,306) |
| Net cash flows provided by operating activities | 20b | 704,593 | 164,275 |
| Cash flows from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | - | - |
| Proceeds from sale of investments | | - | 88,103 |
| Purchase of property, plant and equipment | | - | (1,270) |
| Purchase of investments | | (209,863) | (190,026) |
| Purchase of intangible assets | | - | - |
| Net cash flows used in investing activities | | (209,863) | (103,193) |
| Cash flows from financing activities | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Dividends paid | | (39,006) | (39,006) |
| Net cash flows used in financing activities | | (39,006) | (39,006) |
| Net increase in cash held | | 455,724 | 22,076 |
| Cash and cash equivalents at beginning of financial year | | 931,326 | 909,250 |
| Cash and cash equivalents at end of financial year | 20a | 1,387,050 | 931,326 |

These financial statements should be read in conjunction with the accompanying notes.

Notes to the financial statements

For the year ended 30 June 2023

These financial statements and notes represent those of Leopold Community Enterprises Limited.

Leopold Community Enterprises Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 18 August 2023.

1. Summary of significant accounting policies

(a) Basis of preparation

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

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

Economic dependency

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

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. The company manages the Community Bank branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank branch are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the Community Bank branches 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the Community Bank branches;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(b) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(c) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(d) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(e) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

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 intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Fair value assessment of non-current physical assets

The AASB 13 Fair Value standard requires fair value assessments that may involve both complex and significant judgement and experts. The value of land and buildings may be materially misstated and potential classification and disclosure risks may occur.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(f) New and revised standards that are effective for these financial statements

There are no new and amended accounting policies that have been adopted by the company this financial year.

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2017. Information on the more standard(s) applicable to this entity are presented below.

AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses

AASB 2016-1 amends AASB 112 Income Taxes to clarify how to account for deferred tax assets related to debt instruments measured at fair value, particularly where changes in the market interest rate decrease the fair value of a debt instrument below cost.

AASB 2016-1 is applicable to annual reporting periods beginning on or after 1 January 2017.

(g) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set out on the proceeding pages

(i) AASB 9 *Financial Instruments* and associated Amending Standards (applicable for annual reporting periods beginning on or after 1 January 2018)

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities and includes a forward-looking 'expected loss' impairment model and a substantially-changed approach to hedge accounting.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are:

- a) Financial assets that are debt instruments will be classified based on:
 - (i) the objective of the entity's business model for managing the financial assets; and
 - (ii) the characteristics of the contractual cash flows.
- b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income (instead of in profit or loss). Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.
- c) Introduces a 'fair value through other comprehensive income' measurement category for particular simple debt instruments.
- d) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.
- e) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
 - the change attributable to changes in credit risk are presented in Other Comprehensive Income (OCI)
 - the remaining change is presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Otherwise, the following requirements have generally been carried forward unchanged from AASB 139 into AASB 9:

- classification and measurement of financial liabilities; and
- derecognition requirements for financial assets and liabilities

AASB 9 requirements regarding hedge accounting represent a substantial overhaul of hedge accounting that enable entities to better reflect their risk management activities in the financial statements.

Notes to the financial statements (continued)

1. Summary of significant accounting policies (continued)

(g) New accounting standards for application in future periods (continued)

Furthermore, AASB 9 introduces a new impairment model based on expected credit losses. This model makes use of more forward-looking information and applies to all financial instruments that are subject to impairment accounting.

When this standard is first adopted for the year ending 30 June 2019, there will be no material impact on the transactions and balances recognised in the financial statements.

(ii) AASB 15: *Revenue from Contracts with Customers* (applicable for annual reporting periods commencing on or after 1 January 2018)

When effective, this Standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for the goods or services. To achieve this objective, AASB 15 provides the following five-step process:

- identify the contract(s) with customers;
- identify the performance obligations in the contract(s);
- determine the transaction price;
- allocate the transaction price to the performance obligations in the contract(s); and
- recognise revenue when (or as) the performance obligations are satisfied.

This Standard will require retrospective restatement, as well as enhanced disclosure regarding revenue.

When this Standard is first adopted for the year ending 30 June 2019, it is not expected that there will be a material impact on the transactions and balances recognised in the financial statements.

(iii) AASB 16: *Leases* (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16:

- replaces AASB 117 *Leases* and some lease-related Interpretations;
- requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases;
- provides new guidance on the application of the definition of lease and on sale and lease back accounting;
- largely retains the existing lessor accounting requirements in AASB 117; and
- requires new and different disclosures about leases.

We have adopted this and the transactions are shown in the Profit and Loss and Balance Sheets.

2. Revenue

| | 2023 \$ | 2022 \$ |
|-----------------------|------------------|------------------|
| Revenue | | |
| - service commissions | 1,953,756 | 1,089,781 |
| | 1,953,756 | 1,089,781 |
| Other revenue | | |
| - interest received | 13,023 | 2,125 |
| - Dividends | 16,208 | 12,513 |
| | 29,231 | 14,638 |
| Total revenue | 1,982,987 | 1,104,419 |

Notes to the financial statements (continued)

2. Revenue (continued)

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

The entity applies the revenue recognition criteria set out below to each separately identifiable sales transaction in order to reflect the substance of the transaction.

Rendering of services

The entity generates service commissions on a range of products issued by the Bendigo and Adelaide Bank Limited. The revenue includes upfront and trailing commissions, sales fees and margin fees.

Interest, dividend and other income

Interest income is recognised on an accrual basis using the effective interest rate method.

Dividend and other revenue is recognised when the right to the income has been established.

All revenue is stated net of the amount of goods and services tax (GST).

3. Expenses

| | 2023 \$ | 2022 \$ |
|---|----------------|----------------|
| Profit before income tax includes the following specific expenses: | | |
| Employee benefits expense | | |
| - wages and salaries | 471,454 | 419,309 |
| - superannuation costs | 55,095 | 46,857 |
| - other costs | 45,003 | 40,672 |
| | 571,552 | 506,838 |
| Depreciation and amortisation | | |
| <i>Depreciation</i> | | |
| - buildings | - | - |
| - leasehold improvements | 2,624 | 2,625 |
| - plant and equipment | 3,946 | 1,819 |
| - furniture and fittings | - | - |
| - motor vehicles | - | - |
| | 6,570 | 4,444 |
| Amortisation | | |
| - franchise fees | 14,784 | 14,785 |
| - establishment costs | - | - |
| | 14,784 | 14,785 |
| Total depreciation and amortisation | 21,354 | 19,229 |
| Finance costs | | |
| - Interest paid | 5,626 | 8,633 |
| Bad and doubtful debts expenses | (208) | 111 |
| (Gain) / Loss on disposal of property, plant and equipment | - | - |
| Auditors' remuneration | | |
| <i>Remuneration of the Auditor, RSD Audit, for:</i> | | |
| - Audit or review of the financial report | 3,255 | 3,127 |
| - Taxation services | - | - |
| - Share registry services | - | - |
| | 3,255 | 3,127 |

Notes to the financial statements (continued)

3. Expenses (continued)

Operating expenses

Operating expenses are recognised in profit or loss on an accruals basis, which is typically upon utilisation of the service or at the date upon which the entity becomes liable.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets, but excluding freehold land, is depreciated over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. For 2020 we have used accelerated depreciation to write-off assets purchased.

The depreciation rates used for each class of depreciable asset are:

| Class of asset | Rate | Method |
|------------------------|--------|-----------------------------------|
| Buildings | 3% | Straight line / Diminishing value |
| Leasehold improvements | 4-5% | Straight line / Diminishing value |
| Plant and equipment | 10-20% | Straight line / Diminishing value |
| Motor vehicles | 13% | Straight line / Diminishing value |

Gains/losses upon disposal of non-current assets

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

4. Income tax

| | 2023 \$ | 2022 \$ |
|---|----------------|---------------|
| a. The components of tax expense comprise: | | |
| Current tax expense | 186,198 | 47,740 |
| Deferred tax expense | - | - |
| Recoupment of prior year tax losses | - | - |
| Under / (over) provision of prior years | - | - |
| | 186,198 | 47,740 |
| b. Prima facie tax payable | | |
| The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows: | | |
| Prima facie tax on profit before income tax at 25% (2022: 25%) | 186,198 | 46,153 |
| Add tax effect of: | | |
| - Utilisation of previously unrecognised carried forward tax losses | | |
| - Under / (over) provision of prior years | - | - |
| - Non-deductible expenses | - | - |
| Income tax attributable to the entity | 186,198 | 46,153 |
| The applicable weighted average effective tax rate is: | -25.00% | -25.00% |

Notes to the financial statements (continued)

4. Income tax (continued)

| | 2023 \$ | 2022 \$ |
|---|----------------|----------------|
| c. Current tax liability | | |
| Current tax relates to the following: | | |
| Current tax liabilities / (assets) | | |
| Opening balance | (6,044) | (12,146) |
| Income tax paid | (41,638) | (41,638) |
| Current tax | 186,198 | 47,740 |
| Under / (over) provision prior years | - | - |
| | 138,516 | (6,044) |
| d. Deferred tax asset / liability | | |
| Deferred tax relates to the following: | | |
| Deferred tax assets comprise: | | |
| Provision for doubtful debts | - | - |
| Prepayments | - | - |
| Property, plant & equipment | - | - |
| Accruals | - | - |
| Employee provisions | - | - |
| Unused tax losses | - | - |
| | - | - |
| Deferred tax liabilities comprise: | | |
| Accrued income | - | - |
| Property, plant & equipment | - | - |
| | - | - |
| Net deferred tax asset / liability | - | - |
| Total carried forward tax losses not recognised as deferred tax assets: | - | - |
| e. Deferred income tax included in income tax expense comprises: | | |
| Decrease / (increase) in deferred tax assets | - | - |
| (Decrease) / increase in deferred tax liabilities | - | - |
| Under / (over) provision prior years | - | - |
| | - | - |

The income tax expense for the year comprises current income tax expense and deferred tax expense.

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/assets are measured at the amounts expected to be paid to/recovered from the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Notes to the financial statements (continued)

5. Cash and cash equivalents

| | 2023 \$ | 2022 \$ |
|--------------------------|------------------|----------------|
| Cash at bank and on hand | 174,131 | 94,997 |
| Short-term bank deposits | 1,212,919 | 836,329 |
| | 1,387,050 | 931,326 |

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

The effective interest rate on short-term bank deposits was .8% (2022: 1.3%); these deposits have an average maturity of 365 days.

6. Trade and other receivables

| | 2023 \$ | 2022 \$ |
|---------------------|----------------|----------------|
| Current | | |
| Trade receivables | 138,713 | 80,341 |
| Cash Flow Boost ATO | - | - |
| Other receivables | 25,000 | 30,000 |
| | 163,713 | 110,341 |

Trade and other receivables are recognised initially at cost, less any provision for doubtful debts. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectable, are written off. A provision for doubtful debts is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the assets carrying amount and the present value of estimated cash flows, discounted at the effective interest rate. The amount of the provision is recognised on profit or loss.

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the company's income.

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

Notes to the financial statements (continued)

6. Trade and other receivables (continued)

| | Gross amount \$ | Not past due \$ | Past due but not impaired | | | Past due and impaired \$ |
|-------------------|--------------------|--------------------|---------------------------|------------------|-----------------|-----------------------------|
| | | | < 30 days \$ | 31-60 days \$ | > 60 days \$ | |
| 2023 | | | | | | |
| Trade receivables | 138,712 | 138,712 | - | - | - | - |
| Other receivables | 25,000 | 25,000 | - | - | - | - |
| Total | 163,712 | 163,712 | - | - | - | - |
| 2022 | | | | | | |
| Trade receivables | 80,341 | 80,341 | - | - | - | - |
| Other receivables | 30,000 | 30,000 | - | - | - | - |
| Total | 110,341 | 110,341 | - | - | - | - |

7. Financial assets

| | 2023 \$ | 2022 \$ |
|--|----------------|----------------|
| <i>Held to maturity financial assets</i> | | |
| Term deposits | - | - |
| <i>Available for sale financial assets</i> | | |
| Listed investments | 609,056 | 409,562 |
| | 609,056 | 409,562 |

(a) Classification of financial assets

The company classifies its financial assets in the following categories:

- loans and receivables,
- held to maturity investments,
- financial assets at fair value through profit or loss, and
- available for sale assets.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting period.

Loans and receivables

This category is the most relevant to the company. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets. Loans and receivables are included in trade and other receivables in the statement of financial position.

Held to maturity investments

The entity classifies investments as held-to-maturity if:

- they are non-derivative financial assets
- they are quoted in an active market
- they have fixed or determinable payments and fixed maturities
- the entity intends to, and is able to, hold them to maturity.

Held-to-maturity financial assets are included in non-current assets, except for those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Notes to the financial statements (continued)

7. Financial assets (continued)

(a) Classification of financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term with the intention of making a profit. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. The company has not designated any financial assets at fair value through profit or loss.

Available for sale financial asset

Investments are designated as available-for-sale financial assets if they do not have fixed maturities and fixed or determinable payments, and management intends to hold them for the medium to long-term. Financial assets that are not classified into any of the other categories (at FVPL, loans and receivables or held-to-maturity investments) are also included in the available-for-sale category.

The financial assets are presented as non-current assets unless they mature, or management intends to dispose of them within 12 months of the end of the reporting period.

(b) Measurement of financial assets

At initial recognition, the entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Loans and receivables and held-to-maturity investments are subsequently carried at amortised cost using the effective interest method.

The entity assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator that the assets are impaired.

Assets carried at amortised cost

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in profit or loss.

Assets classified as available for sale

If there is objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or loss are not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increases in a subsequent period and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

Notes to the financial statements (continued)

7. Financial assets (continued)

(d) Derecognition

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

8. Other assets

| | 2023 \$ | 2022 \$ |
|---------------|---------------|---------------|
| Prepayments | 3,512 | 6,669 |
| Security bond | - | - |
| Other - PAYGI | 44,465 | 41,638 |
| | 47,977 | 48,307 |

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

9. Property, plant and equipment

| | 2023 \$ | | | 2022 \$ | | |
|--|----------------|--------------------------|--------------------|----------------|--------------------------|--------------------|
| | At cost | Accumulated depreciation | Written down value | At cost | Accumulated depreciation | Written down value |
| Land | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - |
| Leasehold improvements | 118,571 | (48,267) | 70,304 | 118,571 | (45,643) | 72,928 |
| Plant and equipment | 108,820 | (104,601) | 4,219 | 105,086 | (100,655) | 4,431 |
| Furniture and fittings | - | - | - | - | - | - |
| Motor vehicles | 25,142 | (25,142) | - | 25,142 | (25,142) | - |
| Total property, plant and equipment | 252,533 | (178,010) | 74,523 | 248,799 | (171,440) | 77,359 |

Land and buildings

Freehold land and buildings are measured at cost and therefore are carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of land and buildings is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of land and buildings is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Notes to the financial statements (continued)

9. Property, plant and equipment (continued)

Plant and equipment (continued)

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(a) Capital expenditure commitments

The entity does not have any capital expenditure commitments at 30 June 2022 (2021: None).

(b) Movements in carrying amounts of PP&E

| | Opening written down value | Additions | Disposals | Revaluations | Impairments / write-offs | Depreciation | Closing written down value |
|--|----------------------------------|--------------|-----------|--------------|-----------------------------|----------------|----------------------------------|
| 2022 | | | | | | | |
| Land | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - |
| Leasehold improvements | 75,553 | | - | - | - | (2,625) | 72,928 |
| Plant and equipment | 4,980 | 1,270 | - | - | - | (1,819) | 4,431 |
| Furniture and fittings | | | - | - | - | | - |
| Motor vehicles | - | - | | | | | |
| Total property, plant and equipment | 80,533 | 1,270 | - | - | - | (4,444) | 77,359 |
| 2023 | | | | | | | |
| Land | - | - | - | - | - | - | - |
| Buildings | - | - | - | - | - | - | - |
| Leasehold improvements | 72,928 | | - | - | - | (2,624) | 70,304 |
| Plant and equipment | 4,431 | 3,734 | - | - | - | (3,946) | 4,219 |
| Furniture and fittings | - | - | - | - | - | - | - |
| Motor vehicles | - | - | - | - | - | - | - |
| Total property, plant and equipment | 77,359 | 3,734 | - | - | - | (6,570) | 74,523 |

Notes to the financial statements (continued)

9. Property, plant and equipment (continued)

(c) Right-Of-Use Assets

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

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

| | 2023 \$ | 2022 \$ |
|-------------------------------|--------------|---------------|
| Carrying Amounts | | |
| Leased land and buildings | 498705 | 498705 |
| Less Accumulated Depreciation | -423900 | -324158 |
| Balance | 74805 | 174547 |

10. Intangible assets

| | 2023 \$ | | | 2022 \$ | | |
|--------------------------------|----------------|--------------------------|--------------------|----------------|--------------------------|--------------------|
| | At cost | Accumulated amortisation | Written down value | At cost | Accumulated amortisation | Written down value |
| Franchise fees | 205,376 | (194,197) | 11,179 | 205,376 | (164,628) | 40,748 |
| Establishment costs | - | - | - | - | - | - |
| Total intangible assets | 205,376 | (194,197) | 11,179 | 205,376 | (164,628) | 40,748 |

Franchise fees and establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

Movements in carrying amounts

| | Opening written down value | Additions | Disposals | Revaluations | Impairments / write-offs | Amortisation | Closing written down value |
|--------------------------------|----------------------------|-----------|-----------|--------------|--------------------------|-----------------|----------------------------|
| 2023 | | | | | | | |
| Franchise fees | 40,748 | - | - | - | - | (14,784) | 25,964 |
| Establishment costs | - | - | - | - | - | - | - |
| Total intangible assets | 40,748 | - | - | - | - | (14,784) | 25,964 |
| 2022 | | | | | | | |
| Franchise fees | 40,748 | - | - | - | - | (14,785) | 25,963 |
| Establishment costs | - | - | - | - | - | - | - |
| Total intangible assets | 40,748 | - | - | - | - | (14,785) | 25,963 |

Notes to the financial statements (continued)

11. Financial liabilities

Financial liabilities include trade payables, other creditors, loans from third parties and loans from or other amounts due to related entities. Financial liabilities are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Financial liabilities are initially measured at fair value plus transaction costs, except where the instrument is classified as "fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

12. Trade and other payables

| | 2023 \$ | 2022 \$ |
|-------------------------------|---------------|---------------|
| Current | | |
| <i>Unsecured liabilities:</i> | | |
| Trade creditors | 28,463 | 25,964 |
| Other creditors and accruals | 33,214 | 21,908 |
| | 61,677 | 47,872 |

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

The average credit period on trade and other payables is one month.

13. Borrowings

| | 2023 \$ | 2022 \$ |
|------------------------------|------------|------------|
| Current | | |
| <i>Unsecured liabilities</i> | | |
| Bank overdraft | - | - |
| <i>Secured liabilities</i> | | |
| Bank loan | - | - |
| Finance leases | - | - |
| | - | - |
| Non-current | | |
| <i>Unsecured liabilities</i> | | |
| Bank overdraft | - | - |
| <i>Secured liabilities</i> | | |
| Bank loan | - | - |
| Finance leases | - | - |
| | - | - |
| Total borrowings | - | - |

Loans

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

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

Notes to the financial statements (continued)

13. Borrowings (continued)

Finance Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset - but not the legal ownership - are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recognising an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(a) Bank overdraft and bank loans

The company does not operate an overdraft facility.

The company does not have a mortgage loan.

(b) Lease liabilities

Lease liabilities are measured at amounts equal to the present value of enforceable future payments of the term.

A discount rate of 5.5% was used on the adoption date for recognition of the liability.

The leased asset is Shop 18 Gateway Plaza Leopold.

The company assesses the lease options as appropriate from time to time.

| | 2023 \$ | 2022 \$ |
|---|------------|------------|
| Lease liabilities on transition AASB 16 | 498705 | 498705 |
| Less accumulated depreciation | -423900 | -324159 |
| Current Liabilities | 413225 | 110835 |
| Non Current liabilities | 0 | 79506 |
| Interest payable to end of lease | 1249 | 6289 |

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

14. Provisions

| | 2023 \$ | 2022 \$ |
|---------------------------|---------------|---------------|
| Current | | |
| Employee benefits | 52,963 | 36,648 |
| Non-current | | |
| Make Good Leased premises | 15,000 | 15,000 |
| Employee benefits | 17,571 | 14,357 |
| | 32,571 | 29,357 |
| Total provisions | 85,534 | 66,005 |

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The liability for annual leave is recognised in the provision for employee benefits. All other short term employee benefit obligations are presented as payables.

Notes to the financial statements (continued)

14. Provisions (continued)

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurement for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

15. Share capital

| | 2023 \$ | 2022 \$ |
|--|----------------|----------------|
| Ordinary shares fully paid | 780,111 | 780,111 |
| Bonus shares issued for no consideration | - | - |
| Less: Equity raising costs | (20,540) | (20,540) |
| | 759,571 | 759,571 |

Ordinary shares are classified as equity.

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

(a) Movements in share capital

| | | |
|---|----------------|----------------|
| Fully paid ordinary shares: | | |
| At the beginning of the reporting period | 780,111 | 780,111 |
| Shares issued during the year | - | - |
| At the end of the reporting period | 780,111 | 780,111 |

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

(b) Capital management

The Board's policy is to maintain a strong capital base so as to sustain future development of the company. The Board of Directors monitor the return on capital and the level of dividends 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.

(i) the Distribution Limit is the greater of:

- (a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and

(ii) 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%. For 2023 the calculated rate is 8.2086%

Notes to the financial statements (continued)

15. Share capital (continued)

(b) Capital management (continued)

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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

16. Retained earnings

| | 2023 \$ | 2022 \$ |
|---|------------------|----------------|
| Balance at the beginning of the reporting period | 726,590 | 622,377 |
| Profit for the year after income tax | 558,595 | 143,219 |
| Dividends paid | (39,006) | (39,006) |
| GST and Right-of -Use Asset | - | - |
| Balance at the end of the reporting period | 1,246,179 | 726,590 |

17. Dividends paid or provided for on ordinary shares

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Dividends paid or provided for during the year | | |
| Fully franked ordinary dividend of 5 cents per share (2021: 5 cents) franked at the tax rate of 25% (2021: 26%). | 39,006 | 39,006 |

A provision is made for the amount of any dividends declared, authorised and no longer payable at the discretion of the entity on or before the end of the financial year, but not distributed at balance date.

18. Reserves

| | 2023 \$ | 2022 \$ |
|---|-----------------|-----------------|
| Asset revaluation reserve | | |
| Balance at the beginning of the reporting period | (54,670) | 39,371 |
| Fair value movements during the period | (532) | (94,041) |
| Balance at the end of the reporting period | (55,202) | (54,670) |

The reserves represent undistributable gains recognised on the revaluation of non-current assets.

19. Earnings per share

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Basic earnings per share (cents) | 71.60 | 19.08 |
| Earnings used in calculating basic earnings per share | 558,595 | 143,219 |
| Weighted average number of ordinary shares used in calculating basic earnings per share. | 780,111 | 780,111 |

Notes to the financial statements (continued)

19. Earnings per share (continued)

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

20. Statement of cash flows

| | 2023 \$ | 2022 \$ |
|---|------------------|----------------|
| (a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled | | |
| to that shown in the Statement of Cash Flows as follows: | | |
| Cash and cash equivalents (Note 5) | 1,387,050 | 931,326 |
| Less bank overdraft (Note 13) | - | - |
| As per the Statement of Cash Flow | 1,387,050 | 931,326 |
| (b) Reconciliation of cash flow from operations with profit/loss after income tax | | |
| Profit for the year after income tax | 558,595 | 143,219 |
| Non-cash flows in profit | | |
| - Depreciation and amortisation | 21,354 | 19,229 |
| - Bad debts | (208) | 111 |
| - Net Loss on disposal of motor vehicle | - | - |
| Changes in assets and liabilities | | |
| - (Increase) / decrease in trade and other receivables | (53,372) | - |
| - (increase) / decrease in prepayments and other assets | 330 | - |
| - (Increase) / decrease in deferred tax asset | - | - |
| - Increase / (decrease) in trade and other payables | 13,805 | - |
| - Increase / (decrease) in current tax liability | 144,560 | 6,102 |
| - Increase / (decrease) in provisions | 19,529 | - |
| Net cash flows from operating activities | 704,593 | 168,661 |

(c) Credit standby arrangement and loan facilities

The company does not have any bank overdraft or commercial bill facility.

21. Key management personnel and related party disclosures

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company.

The totals of remuneration paid to key management personnel of the company during the year are as follows:

| | 2023 \$ | 2022 \$ |
|--|------------|------------|
| Short-term employee benefits | - | - |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Share-based payments | - | - |
| Total key management personnel compensation | - | - |

Notes to the financial statements (continued)

21. Key management personnel and related party disclosures (continued)

(a) Key management personnel (continued)

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Share-based payments

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

(b) Other related parties

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

(c) Transactions with key management personnel and related parties

Other than detailed below, no key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

| Name of related party | Description of goods / services provided | Value \$ |
|-----------------------|--|-------------|
| Paul Madden | Accounting Services | 18,480 |
| Bronwyn Shearer | Company Secretary, Executive Officer | 48,778 |

Leopold Community Enterprises Limited have not accepted the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch.

The estimated benefits from the Bendigo and Adelaide Bank Limited's Community Bank Directors Privileges package per Director is as follows:

| | 2023 \$ | 2022 \$ |
|-----------------|------------|------------|
| Kylie Clayton | - | - |
| Bronwyn Shearer | - | - |
| Paul Madden | - | - |
| Dennis More | - | - |
| Ramona Browne | - | - |
| Keith Reynard | - | - |
| Kerrie Napoli | - | - |
| Tiffany Quick | - | - |
| Michelle Jones | - | - |
| John Leach | - | - |

Notes to the financial statements (continued)

21. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

The number of ordinary shares in Leopold Community Enterprises Limited held by each key management personnel of the company during the financial year is as follows:

| | 2023 | 2022 |
|-----------------|---------------|---------------|
| Paul Madden | 26,051 | 26,051 |
| Bronwyn Shearer | 1,000 | 1,000 |
| Ramona Browne | 1,000 | - |
| Keith Reynard | 1,000 | - |
| Kerrie Napoli | 1,500 | 1,500 |
| | 30,551 | 28,551 |

There was no movement in key management personnel shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

22. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

23. Contingent liabilities and contingent assets

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

24. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one area being Leopold, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 98% of the revenue (2022: 98%).

25. Commitments

Lease commitments

| | 2023 \$ | 2022 \$ |
|------------------------------------|---------------|----------------|
| Payable: | | |
| - no later than 12 months | 84,346 | 110,835 |
| - between 12 months and five years | - | 79,506 |
| - greater than five years | - | - |
| Minimum lease payments | 84,346 | 190,341 |

26. Company details

The registered office is Level 1, 50-58 Moorabool Street, Geelong, VIC 3220 and principal place of business is Shop 18, Gateway Plaza, 621 Bellarine Highway, Leopold VIC 3224.

Notes to the financial statements (continued)

27. Financial instrument risk

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function by Bendigo and Adelaide Bank.

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 Financial Instruments: Recognition and Measurement as detailed in the accounting policies are as follows:

| | Note | 2023 \$ | 2022 \$ |
|------------------------------------|------|------------------|------------------|
| Financial assets | | | |
| Cash and cash equivalents | 5 | 1,387,050 | 931,326 |
| Trade and other receivables | 6 | 163,713 | 110,341 |
| Financial assets | 7 | 609,056 | 409,562 |
| Total financial assets | | 2,159,819 | 1,451,229 |
| Financial liabilities | | | |
| Trade and other payables | 12 | 61,677 | 47,872 |
| Borrowings | 13 | - | - |
| Bank overdraft | 13 | - | - |
| Total financial liabilities | | 61,677 | 47,872 |

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

The company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the company are past due (2022: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

Notes to the financial statements (continued)

27. Financial instrument risk (continued)

(b) Liquidity risk (continued)

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

| | Weighted average interest rate % | Total \$ | Within 1 year \$ | 1 to 5 years \$ | Over 5 years \$ |
|--|---|------------------|------------------------|-----------------------|-----------------------|
| 30 June 2023 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | -% | 1,387,050 | 1,387,050 | - | - |
| Trade and other receivables | | 163,713 | 163,713 | - | - |
| Financial assets | -% | 609,056 | 609,056 | - | - |
| Total anticipated inflows | | 2,159,819 | 2,159,819 | - | - |
| Financial liabilities | | | | | |
| Trade and other payables | | 61,677 | 61,677 | - | - |
| Borrowings | -% | - | - | - | - |
| Bank overdraft * | -% | - | - | - | - |
| Total expected outflows | | 61,677 | 61,677 | - | - |
| Net inflow / (outflow) on financial instruments | | 2,098,142 | 2,098,142 | - | - |
| 30 June 2022 | | | | | |
| Financial assets | | | | | |
| Cash and cash equivalents | -% | 931,326 | 931,326 | - | - |
| Trade and other receivables | | 110,341 | 110,341 | - | - |
| Financial assets | -% | 409,562 | 409,562 | - | - |
| Total anticipated inflows | | 1,451,229 | 1,451,229 | - | - |
| Financial liabilities | | | | | |
| Trade and other payables | | 47,872 | 47,872 | - | - |
| Borrowings | -% | - | - | - | - |
| Bank overdraft * | -% | - | - | - | - |
| Total expected outflows | | 47,872 | 47,872 | - | - |
| Net inflow / (outflow) on financial instruments | | 1,403,357 | 1,403,357 | - | - |

* The Bank overdraft has no set repayment period and as such all has been included as current.

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company has no exposure to fluctuations in foreign currency, or any exposure to a material price risk.

The financial instruments that primarily expose the company to interest rate risk are fixed interest securities, and cash and cash equivalents.

Notes to the financial statements (continued)

27. Financial instrument risk (continued)

(c) Market risk (continued)

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

| | 2023 | | 2022 | |
|---|---------------|---------------|---------------|---------------|
| | Profit \$ | Equity \$ | Profit \$ | Equity \$ |
| +/- 1% in interest rates (interest income) | 19,961 | 19,961 | 13,409 | 13,409 |
| +/- 1% in interest rates (interest expense) | - | - | - | - |
| | 19,961 | 19,961 | 13,409 | 13,409 |

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Directors' declaration

For the financial year ended 30 June 2023

In accordance with a resolution of the Directors of Leopold Community Enterprises Limited, the Directors of the company declare that:

1. The financial statements and notes, as set out on pages 21 to 47 are in accordance with the *Corporations Act 2001* and:
 - (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
 - (ii) give a true and fair view of the company's financial position as at 30 June 2023 and of the performance for the year ended on that date;
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the *Corporations Regulations 2001*.

This resolution is made in accordance with a resolution of the Board of Directors.



Kylie Clayton
Chairperson

Signed at Leopold on 8th September 2023.

Independent audit report

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LEOPOLD COMMUNITY ENTERPRISES LIMITED ABN 39 133 061 800

Report on the Financial Report

I have audited the accompanying financial report of Leopold Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives me a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards (IFRS).

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I have conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting my audit, I have complied with the independence requirements of the *Corporations Act 2001*. I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Leopold Community Enterprises Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Independent audit report (continued)

Mark SP Wilkinson
ABN 46 472 629 469
Registered Company Auditor

Auditor's Opinion

In my opinion:

- (a) the financial report of Leopold 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 performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.



Mark Stuart Pressland Wilkinson
Registered Company Auditor 4485
6 Kintyre Crescent
Leopold Victoria 3224

Dated: 24 August 2023

Liability limited by a scheme approved under Professional Standards Legislation.

6 Kintyre Crescent (PO Box 235)
Leopold Victoria 3224

Telephone: 0418 772 212
Email: auditvalue@bigpond.com

Community Bank · Leopold
Shop 18, Gateway Plaza,
621 Bellarine Highway, Leopold VIC 3224
Phone: 03 5250 1057 Fax: 03 5250 2604
Email: leopoldmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/leopold

Franchisee: Leopold Community Enterprises Limited
ABN: 39 133 061 800
Level 1, 50-58 Moorabool Street, Geelong VIC 3320
Phone: 03 5250 1057

 /communitybankleopold

