Annual Report 2023

Lockmore Financial Services Limited

Community Bank
Elmore, Lockington and Rochester
ABN 41 106 113 599

Contents

Chairman's report

For year ending 30 June 2023

Throughout the financial year, we were so proud to support 20 community organisations with their flood recovery via this program. We understand that the flood recovery is different for everyone, and as such we are keeping this program open until further notice and encouraging community organisations to come to us when they're ready.

It is a pleasure to present to you Lockmore Financial Services Limited (Lockmore) Annual Report for the financial year ending 30 June 2023. It was in February of 2023 that I commenced as Chair of the Company, following in the impressive footsteps of David Johnson, Louise Ross, Kate Taylor and most recently Brad Drust. I would like to start by thanking each of these individuals for their contributions to our Community Bank Company - I certainly have some big shoes to fill! In particular, I'd like to thank Brad for his past six years as Chair. Brad led the Lockmore team through some unprecedented challenges, but managed to take our Company from strength to strength. His local knowledge, community spirit and business sense has been integral in growing our Company to where it is today. We are thrilled that Brad will remain on our Board as Deputy Chair.

Headline Results

I am so pleased to share that this year was record-breaking for Lockmore in many ways, including in our financial results.

As of 30 June 2023 we had $284 million in banking business across our three branches. Our total revenue for the year was $2,324,327, an increase of approximately 77% on last year (FY21/22: $1,363,112). We provided a record total of $982,835 (FY21/22: $112,356) towards community contributions and we returned $87,408.78 to our shareholders through a 5.5c fully franked dividend (FY21/22: 4.5c fully franked).

As an overall result, we have posted a strong profit of $142,503 after tax for the year.

Challenging Times

Whilst our financial results were hugely positive, the past 12 months were some of the most challenging that our community has ever faced. The October 2022 flood event significantly affected our community and as a Board, we knew that our locals needed our Community Bank's support more than ever. In the initial stages of recovery - whilst our locals were still in the midst of insurance and other funding applications - it was clear that what was needed most was opportunities for our community to reconnect and support one another. Throughout this time we assisted our incredible locals and volunteers by providing free coffees and funding for a number of community gatherings.

As our community began to hear back from their insurers and other funding providers, it became clear that many would experience a funding gap to return to where they were prior to the floods. To respond to this, we teamed up with the Community Enterprise Foundation™ (the philanthropic arm of Bendigo and Adelaide Bank), and our Community Bank neighbours at Malvern East, Sunshine Coast, Heathcote & District, Dandenong Ranges and Doncaster East & Templestowe Village to launch the Rochester Flood Relief Grants Program in February 2023. The program exists to support community organisations to replace property and equipment damaged in the floods, and to extend special programs and events to assist in the flood relief and bringing our locals back together again. Throughout the financial year, we were so proud to support 20 community organisations with their flood recovery via this program. We understand that the flood recovery is different for everyone, and as such we are keeping this program open until further notice and encouraging community organisations to come to us when they're ready.

I would like to take this opportunity to extend a huge thank you to Amanda Logie and the team at Rochester Community House, who have been integral to the flood recovery. Immediately following the floods, the team established a flood recovery bank account to collect donation funds to be distributed to flood-affected residents. In June 2023, the team announced the launch of the Rochester Community Access Flood Relief Fund to distribute these funds and we were so proud to announce that Lockmore would provide an additional $250,000 towards this program, matching the funds that had been raised. Further to this, an extra $150,000 was committed to allow an additional payment to applicants that bank with Community Bank Elmore, Lockington and Rochester – helping to acknowledge that it's these individuals that make community support like this possible. Bendigo Bank's philanthropic arm - the Community Enterprise Foundation™ - also pitched in $50,000 to allow a partnership with Australian Neighbourhood Houses and Centres Association to assist with the distribution of funds and management of the program. This has helped ensure that all the donated funds are preserved and used solely for their original purpose of assisting flood-affected residents.

Of course, throughout this time, financial support was not all that was needed. Our branch at Gillies Street was inundated with over 1-metre of water and it would ultimately take eight months for us to reopen again. To ensure our locals' access to a physical banking service was not compromised during this time, we initially stationed our staff at the Rochester '4 Rs' Relief Centre, before opening a 'Pop Up' bank branch at Moore Street in December. You can read more about this in our Branch Manager, James' report.

Branch and Signage Refurbishments

On Friday 30 June 2023, we were so excited to move back to 24 Gillies Street following eight months of branch refurbishments. We've called Gillies Street our home since 2011, so we took the opportunity to refresh our branch to an even higher standard than it was previously – incorporating improved floor coverings, new branding and additional soundproofing for increased privacy. Possibly our favourite new addition to the branch are three custom artworks completed by students at Rochester Secondary College. A huge thank you to Aaliyah Pump, Brooke Frith, Ella Treacy, Tahlia LaFrantz and Jackson Taylor (Year 7) and Tom McCormick (Year 8) for completing these incredible artworks for us – drawing on local Rochester scenery and native flora and fauna for inspiration. An enormous thank you also to Meg Doller from Rochester Secondary College for her tremendous effort in coordinating the project. The artworks are displayed in our offices at our Rochester branch and I'd encourage our locals to drop in and view them in person – they are truly outstanding pieces.

Our Rochester branch wasn't the only recipient of a makeover – we were excited to replace the carpets and signage and put a fresh coat of paint on our walls at our Lockington branch also. In the second half of 2023 our Elmore branch will also go through a refurbishment and we can't wait to provide a fresh new space for our customers.

Alongside the branch refurbishments, we were also thrilled to upgrade all of the Community Bank signage throughout our communities of Elmore, Lockington and Rochester this financial year. A huge number of our local community groups display our signage at their premises as a thank you for our support over the years, and we felt it timely to refresh each of these.

We hope that these updates will help further demonstrate to our communities that we are here for them and we are here to stay.

Community Contributions

As mentioned above, Lockmore was so proud to provide more community funding than ever before this financial year - contributing $599,684.05 to community organisations and individuals via a range of programs and initiatives. This brings our total community contributions to over $2.8 million as we approach our 20 year anniversary in December 2023.

As mentioned above, our community of Rochester was a key recipient of our funding throughout the year, however our communities of Elmore and Lockington were of course not forgotten. We were excited to partner with both the Elmore Progress Association and Lockington Planning Group – providing both with sponsorships of $100,000 each. The purpose of these sponsorships is to enrich and reinvigorate our communities of Elmore and Lockington, with exact uses to be decided via community consultation throughout the remainder of 2023.

At our 2022 AGM we announced the launch of our new University and TAFE Scholarship Program to assist local students with the start-up costs associated with their studies. Whilst we originally committed to four scholarships, we received applications from eight outstanding locals, all of whom were affected by the floods. Choosing between these eight intelligent and community-focused individuals proved very difficult, so

Sponsorship & Grant Recipients

Through two rounds of our Community Sponsorship Program & the Elmore Field Days Sustainability Grant Program, we helped to support the important work of a number of our local organisations including:

AFL Central Vic - Heathcote District Football Netball League
Bamawm Extension Christmas Tree
Bamawm Golf Club
Bamawm Lockington United Cricket Club
Calivil Bowling Club
Committee for Rochester (Rochester Mural Festival)
Elmore Bowls Club (Ladies)
Elmore District Health
Elmore Football Netball Club
Elmore Light Harness Racing
Elmore Lions Club
Elmore Memorial Hall
Elmore Progress Association
Goornong Recreation Reserve
Lockington and District Heritage Living Complex
Lockington Bamawm United FNC
Lockington Bamawm United FNC (Juniors)
Lockington Bush Nursing Centre
Lockington Planning Group
Lockington Golf Club
Lockington Senior Citizens
Mount Pleasant Football Netball Club
Nanneella Estate Primary School
REDHS
Rochester Agricultural & Pastoral Association
Rochester Auskick
Rochester Basketball Association
Rochester Bowls Club
Rochester Business Network
Rochester Community House
Rochester Football Netball Club
Rochester Golf Club
Rochester Lions Club
Rochester Little Athletics
Rochester Netball Association
Rochester Probus Club
Rochester Secondary College
Rochester T.O.W.N Club
Rotary Club of Rochester
Runnymede Junior FNC
Seth Turri
Shine Bright (Rochester Kinder)
Strathallan Glider Sanctuary

Lockmore was so proud to contribute $400,000 to the Rochester Community Access Relief Fund, co-ordinated by Rochester Community House.

instead we made the decision to provide all eight with full $3,000 scholarships. Our young locals are our future and we're confident that this support will help them to forge their careers and achieve their dreams.

Our twice-yearly Community Sponsorship Program continues to be great avenue for our local community organisations to present us with their upcoming projects and events. Throughout the financial year we were proud to support 29 groups via this program.

Finally, Lockmore is proud to hold ongoing partnership agreements with a number of community organisations across a variety of industries. Continuing throughout this financial year were partnerships with our three local healthcare providers – REDHS, Elmore Primary Health and Lockington & District Bush Nursing Centre to provide their community car service. Our four local football/netball clubs at Elmore, Lockington & Bamawm United, Rochester and Mount Pleasant were once again provided with funding to allow them to offer EFTPOS facilities at their grounds – reducing the need for their spectators to carry cash. Our long-standing partnership with Rochester Secondary College's Campaspe Academy of Sport continued, but unfortunately our yearly tradition of the Community Bank Rochester Netball Invitational was cancelled due to the floods. We were pleased to support the Rochester Netball Association with a number of other initiatives throughout the year in place of this. Finally, this financial year we were excited to refresh our long-standing partnership with the Elmore Field Days by introducing the 'Community Bank Elmore, Lockington and Rochester Pavilion'. Previously known as the 'Taste More Pavilion', the partnership will see us reinvigorating this space over the next five years. The Elmore Field Days site is a wonderful community asset, so improving its functionality will be a huge win for all its users.

The Elmore Progress Association were provided with a $100,000 sponsorship from Lockmore in June 2023, with the purpose of enriching the community of Elmore.

Lockington Planning Group were also provided with $100,000 in June 2023 to contribute to reinvigorating the Lockington community.

Team efforts

We are so lucky to have an incredibly strong team of branch staff, Board Directors and Board support at Lockmore Financial Services Limited. The efforts shown by our team to maintain a positive outlook and continue 'showing up' throughout a challenging 12 months has been nothing short of amazing. I'd like to thank each and every one of our staff and Directors for their continuing optimism, passion and motivation to help our customers and community thrive.

I would like to also acknowledge and thank Julianne Hand and James Hodgens, who both retired as Directors with us during the financial year. Both Julianne and James served two-and-a-half years on our Board, had a great impact on our business and will be very missed.

Looking forward

The past financial year has been huge for us in many ways, and we look forward to continuing with this momentum into FY23/24. We've got many exciting things to look forward to, not least the celebration of Lockmore's 20th Birthday in December 2023.

In closing, I'd like to again thank my fellow Directors, our Branch Manager James, our branch and Board support team, our customers, shareholders and communities of Elmore, Lockington and Rochester as a whole. All of our stakeholders have played a great part in what has been an enormous 12 months for Lockmore and without each of you, none of this would be possible.

Joseph Holloway
Chair

Manager's report

For year ending 30 June 2023

The floods reinforced that our Community Bank team provide far more than just a banking service, and that the presence of an operating bank branch within our town signifies community strength.

It is with pleasure that I present my second Branch Manager's report for Lockmore Financial Services Limited. Since I joined the team at Community Bank Elmore, Lockington and Rochester in May 2022, our communities have faced a number of challenges. I am continued to be amazed by the strength and resilience of our locals and am so proud to work for an organisation that is here to support our communities through such difficult times.

Combined Branch's Business

As at June 2023, Community Bank Elmore, Lockington and Rochester have 4,265 customers. We are so appreciative of our locals that choose to bank with us – they are directly responsible for the $2.8 million that's been returned to our communities in the almost 20 years we've been operating.

At the end of the 2022/23 financial year, the combined branch's business is noted as:

Total Loans	$72,024,089
Total Deposits	$171,693,633
Wealth Products	$2,3633,726
Other Business	$6,153,026
Total Business	$273,599,621

October 2022 Floods

The flood event of October 2022 has caused an unimaginable amount of pain for our community. Alongside our fellow business owners and town residents, we were heartbroken to return to our home at Gillies Street Rochester following the floods to see over one metre of water had gone through our premises. The damage to both the building and our specialised electronic equipment was extensive, and ultimately it would be eight months until we moved back in again.

The floods reinforced that our Community Bank team provide far more than just a banking service, and that the presence of an operating bank branch within our town signifies community strength.

With that in mind, we were so thankful for the support of our community to ensure our banking service in Rochester was not interrupted. Initially, we stationed our team at the Rochester Recovery Centre to provide non-cash banking services. At the same time, we waived our customer's transaction fees for Bank@Post services at the Rochester Post Office. By December 2022, we had secured a location for a 'Pop-Up Site' at 35 Moore Street in Rochester. The temporary branch allowed us to provide the full range of cash and banking services to our customers until our Gillies Street home was back up and running.

Of course, the flood recovery is ongoing and we will continue to support our community to the best of our ability. We are proud to offer our Rochester Flood Relief Grants Program to local community organisations needing support, and to be major contributors to the Rochester Community Access Flood Relief Fund for individuals and families. We welcome our locals to visit our friendly team to find out more about these grant programs, review their finances in light of recent events, or even just come in for a chat – because we know that connection with one another is so important

Whilst our Gillies Street branch was being refurbished we provided a banking service to our community via a 'pop up' branch at 35 Moore Street.

Team Updates

Throughout the financial year, we have seen a number of changes in our staffing team. Georgia Waters, our Customer Service Officer, finished with Lockmore in April 2023 to further progress her career with our neighbours at Community Bank Rushworth. Georgia first commenced her career with Lockmore straight out of school as a Customer Service Officer Trainee, and we are so proud to see her grow. Brock Harvey, who originally joined our team as a Customer Service Officer in June 2022, finished up with us in June 2023. Brock was a fantastic asset to our team over his 12 months with Lockmore, and we wish him all the best as he develops his career further in the finance field in Bendigo. Finally, Lauren Drage joined our team as a Customer Relationship Manager between August 2022 and May 2023. Her lending knowledge was incredibly valuable to our staff and customers throughout this time.

In some exciting news, our Customer Relationship Officer Lily Wareham welcomed a little boy – Charlie Robert – in April 2023. We are so thrilled for Lily and her partner Stephen on the safe arrival of their first child. Whilst Lily enjoys 12 months parental leave with her new addition, Paige Mylon has joined our team. Paige joins us with a very impressive background – holding a Bachelor of Business Degree (specialising in Banking and Finance) from Victoria University, and over two years of experience working within the Bendigo Bank group. We are all so excited to welcome her to our team.

Top: Our refurbished branch at 24 Gillies Street looks better than ever. Above: James, Helen and Morghan at the reopening of our Gillies Street branch on 30th June 2023.

The above changes complement our existing team of Helen McCaskie, Tanya Niven, Wendy Wright, Fiona Cuttriss, Lauren McKee, Kerri McPhee, Lily Wareham and Morghan Hughes. Between them, our team have a combined 75 years working for Community Bank Elmore, Lockington and Rochester - and they are passionate about going above and beyond for our locals.

In addition to our frontline team I'd like to thank our volunteer Board of Directors for their passion and drive to make a difference in our communities, Lauren Ross (Executive Officer) and Leo Bruinier (Business Consultant) for their ongoing support, and our wonderful shareholders. Our Regional Manager Kendall Beattie, our Rural Bank team in Donna Slevin, Olivia McFarlane, Matt Gill and Amy Ryan and our business bankers in Paul Smith and Jacinda Herrett have been integral to our success and deserve a big thanks also.

Thank you

In closing, I'd like to reiterate my thanks to a number of key groups. I'd like to extend another heartfelt thank you to our community as a whole for banding together through such a tough year. Thank you to the incredible volunteers that continue to go above and beyond in the flood recovery effort. Thank you to our wonderful staff team and Board of Directors who have worked tirelessly to ensure our community is supported through challenging times. And thank you to our shareholders for their unwavering support of the Community Bank they helped to establish nearly 20 years ago.

Finally, I'd like to again thank our customers for their ongoing support. As always, you make our community contributions possible - but that's been as important as ever in the past year. By simply banking with Bendigo Bank as our customer, you ensured that a banking service remained in Rochester when our community needed it the most. You also contributed to helping many individuals and community groups get back on their feet via the Rochester Flood Relief Grants Program and the Rochester Community Access Flood Fund.

James Pietromonaco
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023

As a shareholder in your local Community Bank, you belong to an incredible social enterprise network that to date has reinvested more than $300 million in our local communities.

And now, as we celebrate our 25th anniversary milestone, we are evolving even further by sharpening our focus on our community enterprises – separate to the banking side of the business. We are uniting our Community Bank companies through a shared vision of being the most influential network of social enterprises in Australia. This means we'll have a bigger and better story to tell about how we collectively deliver impact.

Our future is together because of our extraordinary strength and aligned partnership with each other, and with our partner, Bendigo and Adelaide Bank. Our partnership with the Bank has been fashioned out of shared effort, risk and reward and it continues to serve us well.

And now even with the digital evolution upon us, the foundation of our future still relies on the guiding principles of the Community Bank model. We are community enterprises and the custodians of this incredible model that collaborates with local communities for social good. The objective of our Community Bank network remains the same. Our evolution will be evidenced by the channels that we use to connect with our customers and communities, digital by design and human where it matters.

The Community Bank network was a first mover in Australia with its unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 307 Community Bank branches. The network represents a diverse cross-section of Australia with 240 social enterprises, 70,000+ shareholders, 1600+ volunteer Directors, 1600+ staff and 905,000 customers located in metro, regional, rural and remote locations across the country.

The Community Bank network creates impact though grants, donations and sponsorships that connect with and care for generations of Australians. Network investment ranges from sport, scholarships and school programs, through to community groups, cultural organisations and local councils. We also facilitate and attract partnerships to help support much needed community projects.

The Community Bank National Council (CBNC) is the voice of the Community Bank network. The role of the CBNC is to advocate and influence on behalf of the 240 community enterprises with its partner. It has also been the role of the CBNC to oversee the development of the Community Network Strategy which exists to ensure the ongoing sustainability of this unique collective of social enterprises.

In September this year our Community Bank network celebrates 25 years. It's a tremendous milestone and one which we're hugely proud of achieving. We have never been stronger and we look forward to continuing to serve our shareholders, customers and communities as we embrace our exciting future.

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

30 June 2023

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

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

Name:	Joseph Hugh Holloway
Title:	Non-executive director
Experience and expertise:	Bachelor of Agriculture Science form CSU Wagga Wagga. Currently Key Accounts manager at Semex Pty Ltd. Committee member of LBU Football Netball Club and BLU Cricket Club.
Special responsibilities:	Vice Chair until February 2023, Chair from February 2023, Human Resources Sub-Committee

Name:	Bradley Adrian Drust
Title:	Non-executive director
Experience and expertise:	Bachelor of Arts (Geography) / Bachelor of Science (Environmental Science) and Masters of Business Administration. More than 20 years' experience in natural resource management in technical and management roles. Currently Chief Executive Officer at the North Central Catchment Management Authority, leading the organisation to deliver a range of community, environment and compliance programs. Currently Vice-Chair with Rochester and Elmore District Health Service. Treasurer with Rochester Junior Football Club Inc.
Special responsibilities:	Chair until February 2023, Vice-Chair from then onwards, Human Resources and Risk & Audit sub-committees

Name:	Ian Anthony Maddison
Title:	Non-executive director
Experience and expertise:	Principal of Maddison Livestock & Property Pty Ltd (2002 - 2018), managing 10 full time and part time employees. Business Manager of Gippsland & Northern / Dalgety's / Wesfarmers Echuca (1992 - 2002). Dairy Farmer from 1980 to 1990. Committee member of Lockington Bamawm United Football Netball Club Inc. including 3 years as President. Two terms as Campaspe Shire Councillor, including two years as Mayor. Eighteen month Board member for Echuca Community For the Aged. Married to Kathi for 47 years with 5 children and 11 grandchildren.
Special responsibilities:	Nil

Name:	Barbara Leanne Holmberg
Title:	Non-executive director
Experience and expertise:	Bachelor of Health Science. Registered Nurse with experience working across the communities of Elmore, Lockington and Rochester. Level 2 yoga instructor and small business operator. Significant board involvement in community organisations, including Lockington Preschool, Lockington Primary School committees, Rochester Secondary College P & F, Elmore Football Netball Club, Tuesday Tennis committee and Friends of the Cemetery.
Special responsibilities:	Risk & Audit Sub-committee

Name:	Stuart Alan Majella Wilson
Title:	Non-executive director (appointed 15 February 2023)
Experience and expertise:	Qualified Aircraft Engineer, and holder of Business Management Degree. Currently Principal at Ray White Rochester and a small business owner. Keen interest in the local community, with current involvement as volunteer at the Rochester Football Netball Club.
Special responsibilities:	Nil

Name:	James David Hodgens
Title:	Non-executive director (resigned 8 May 2023)
Experience and expertise:	I have worked in education for 17 years, initially as a teacher and more recently as a principal. I have taught in country Victoria, the United Kingdom and remote Northern Territory. I have been the principal of Lockington Consolidated School for two years.
Special responsibilities:	Risk & Audit Sub-committee

Name:	Julianne Mary Hand
Title:	Non-executive director (resigned 27 October 2022)
Experience and expertise:	Secretary of Rochester Motoring Club. Retired from Social Work team at Echuca Regional Health. Past Secretary of the Rochester Community House.
Special responsibilities:	Human Resources Sub-committee

Company secretary
There have been two company secretaries holding the position during the financial year, and up to the date of this report:

- Sharon Marie Ebsworth was appointed company secretary on 12 September 2023.
- Lauren Chelsea Ross was appointed company secretary on 13 September 2021 and ceased on 12 September 2023.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $142,503 (30 June 2022: $123,081).

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

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

	2023 $
Fully franked dividend of 5.5 cents per share (2022: 4.5cents)	87,409

Significant changes in the state of affairs
During the financial year the company's Rochester branch was damaged by floods. The damage resulted in several assets being fully impaired and required a full branch refurbishment to return the premises to operational level. The company was able to operate out of a temporary 'pop-up' branch while work was completed, with the costs of the refurbishment and pop-up branch largely covered by insurance and Bendigo Bank.

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

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

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

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

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

	Board	
	Eligible	Attended
Joseph Hugh Holloway	11	9
Bradley Adrian Drust	11	11
Ian Anthony Maddison	11	11
Barbara Leanne Holmberg	11	8
Stuart Alan Majella Wilson	4	2
James David Hodgens	9	5
Julianne Mary Hand	4	2

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 23 to the financial statements.

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

	Balance at the start of the year	Changes	Balance at the end of the year
Joseph Hugh Holloway	-	-	-
Bradley Adrian Drust	-	-	-
Ian Anthony Maddison	-	-	-
Barbara Leanne Holmberg	1,000	-	1,000
Stuart Alan Majella Wilson	-	-	-
James David Hodgens	-	-	-
Julianne Mary Hand	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

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

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

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

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

On behalf of the directors

Joseph Hugh Holloway
Chair

28 September 2023

Auditor's independence declaration

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

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

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

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

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

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

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

	Note	2023 $	2022 $
Revenue from contracts with customers	6	2,324,327	1,309,886
Other revenue	7	163,460	51,036
Finance revenue		21,300	2,190
Total revenue		2,509,087	1,363,112
Employee benefits expense	8	(829,056)	(758,260)
Advertising and marketing costs		(41,532)	(16,236)
Occupancy and associated costs		(38,066)	(30,024)
System costs		(49,963)	(58,567)
Depreciation and amortisation expense	8	(87,549)	(93,612)
Impairment of assets	8	(90,291)	-
Finance costs	8	(18,314)	(15,516)
General administration expenses		(150,238)	(129,006)
Temporary pop-up branch costs		(31,185)	-
Total expenses before community contributions and income tax		(1,336,194)	(1,101,221)
Profit before community contributions and income tax expense		1,172,893	261,891
Charitable donations, sponsorships and grants expense	8	(982,835)	(96,120)
Profit before income tax expense		190,058	165,771
Income tax expense	9	(47,555)	(42,690)
Profit after income tax expense for the year	19	142,503	123,081
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		142,503	123,081
		Cents	**Cents**
Basic earnings per share	27	8.97	7.74
Diluted earnings per share	27	8.97	7.74

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

Lockmore Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	977,859	763,451
Trade and other receivables	11	240,311	155,671
Current tax assets	9	4,808	-
Total current assets		1,222,978	919,122
Non-current assets			
Property, plant and equipment	12	211,557	172,923
Right-of-use assets	13	309,652	311,020
Intangible assets	14	87,514	113,768
Deferred tax assets	9	3,426	21,722
Total non-current assets		612,149	619,433
Total assets		1,835,127	1,538,555
Liabilities			
Current liabilities			
Trade and other payables	15	387,141	85,259
Lease liabilities	16	32,375	32,320
Current tax liabilities	9	-	38,572
Employee benefits	17	77,742	81,226
Total current liabilities		497,258	237,377
Non-current liabilities			
Trade and other payables	15	61,631	92,447
Lease liabilities	16	342,065	326,138
Employee benefits	17	3,849	2,187
Lease make good provision		49,094	54,270
Total non-current liabilities		456,639	475,042
Total liabilities		953,897	712,419
Net assets		881,230	826,136
Equity			
Issued capital	18	1,344,664	1,344,664
Accumulated losses	19	(463,434)	(518,528)
Total equity		881,230	826,136

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

Lockmore Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		1,344,664	(570,092)	774,572
Profit after income tax expense		-	123,081	123,081
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	123,081	123,081
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(71,517)	(71,517)
Balance at 30 June 2022		1,344,664	(518,528)	826,136
Balance at 1 July 2022		1,344,664	(518,528)	826,136
Profit after income tax expense		-	142,503	142,503
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	142,503	142,503
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(87,409)	(87,409)
Balance at 30 June 2023		1,344,664	(463,434)	881,230

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

Lockmore Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,651,586	1,442,738
Payments to suppliers and employees (inclusive of GST)		(2,174,883)	(1,218,154)
Interest received		9,065	2,203
Income taxes paid		(72,639)	(13,384)
Net cash provided by operating activities	26	413,129	213,403
Cash flows from investing activities			
Payments for property, plant and equipment		(43,687)	(2,611)
Payments for intangible assets		(28,014)	(28,014)
Proceeds from disposal of property, plant and equipment		-	27,273
Net cash used in investing activities		(71,701)	(3,352)
Cash flows from financing activities			
Dividends paid	21	(87,409)	(71,517)
Repayment of lease liabilities	16	(39,611)	(52,291)
Net cash used in financing activities		(127,020)	(123,808)
Net increase in cash and cash equivalents		214,408	86,243
Cash and cash equivalents at the beginning of the financial year		763,451	677,208
Cash and cash equivalents at the end of the financial year	10	977,859	763,451

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office	Principal place of business
62 Railway Place, Elmore VIC 3558	62 Railway Place, Elmore VIC 3558 9-11 Lockington Road, Lockington VIC 3563 24 Gillies Street, Rochester VIC 3561

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

Note 2. Basis of preparation and statement of compliance

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

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

Note 3. Significant accounting policies

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in October 2026.

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

Note 5. Economic dependency (continued)

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

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

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

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

Note 6. Revenue from contracts with customers

	2023 **$**	**2022** **$**
Margin income	2,005,436	987,596
Fee income	90,556	104,110
Commission income	228,335	218,180
	2,324,327	1,309,886

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2023 $	2022 $
Net gain on disposal of property, plant and equipment	-	21,036
Market development fund	15,833	30,000
Insurance recovery	147,627	-
	163,460	51,036

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Net gain on disposal of property, plant and equipment	Revenue from the sale of property, plant and equipment is recognised when the buyer obtains control of the asset. Control is transferred when the buyer has the ability to direct the use of and substantially obtain the economic benefits from the asset.
Insurance recoveries	Insurance recoveries relate to amounts received, or committed by the insurer for claims by the company for flood damages to the Rochester branch. Insurance income is recognised once the insurer has approved the claim.

All revenue is stated net of the amount of GST.

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	719,257	664,183
Non-cash benefits	-	3,734
Superannuation contributions	71,285	62,082
Expenses related to long service leave	3,476	(9,903)
Other expenses	35,038	38,164
	829,056	758,260

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	10,442	13,943
Plant and equipment	8,257	6,178
Motor vehicles	9,125	14,852
	27,824	34,973
Depreciation of right-of-use assets		
Leased land and buildings	33,471	27,655
Amortisation of intangible assets		
Franchise fee	4,376	4,410
Franchise renewal process fee	21,878	22,047
Other intangible assets	-	4,527
	26,254	30,984
	87,549	93,612

Impairment losses

	2023 $	2022 $
Impairment of property, plant and equipment	90,291	-

The Rochester branch incurred flooding during the period which resulted in damage to all of the leasehold improvements and most of the plant & equipment. As such the company has reassessed the value of the assets affected and determined them to be fully impaired as at 30 June 2023. As such, an impairment loss of $90,291 has been recognised in the accounts.

Finance costs

	2023 $	2022 $
Lease interest expense	15,856	12,973
Unwinding of make good provision	2,458	2,543
	18,314	15,516

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	19,991	23,509

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

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	542,835	96,120
Contribution to the Community Enterprise Foundation™ (CEF)	440,000	-
	982,835	96,120

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

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

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	29,259	44,534
Movement in deferred tax	18,296	(1,844)
Aggregate income tax expense	47,555	42,690
Prima facie income tax reconciliation		
Profit before income tax expense	190,058	165,771
Tax at the statutory tax rate of 25%	47,515	41,443
Tax effect of:		
Non-deductible expenses	40	1,247
Income tax expense	47,555	42,690

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(42,886)	(24,810)
Employee benefits	20,398	20,853
Provision for lease make good	12,274	13,568
Accrued expenses	1,250	1,000
Income accruals	(3,807)	(749)
Lease liabilities	93,610	89,615
Right-of-use assets	(77,413)	(77,755)
Deferred tax asset	3,426	21,722

Note 9. Income tax (continued)

	2023 $	2022 $
Income tax refund due	4,808	-

	2023 $	2022 $
Provision for income tax	-	38,572

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	475,168	463,451
Term deposits	502,691	300,000
	977,859	763,451

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	214,432	141,295
Accrued income	15,226	2,991
Prepayments	10,653	11,385
	25,879	14,376
	240,311	155,671

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	242,945	326,281
Less: Accumulated depreciation	(84,448)	(207,250)
	158,497	119,031
Plant and equipment - at cost	130,111	160,437
Less: Accumulated depreciation	(103,299)	(141,918)
	26,812	18,519
Motor vehicles - at cost	45,623	45,623
Less: Accumulated depreciation	(19,375)	(10,250)
	26,248	35,373
	211,557	172,923

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	132,974	22,086	56,462	211,522
Additions	-	2,611	-	2,611
Disposals	-	-	(6,237)	(6,237)
Depreciation	(13,943)	(6,178)	(14,852)	(34,973)
Balance at 30 June 2022	119,031	18,519	35,373	172,923
Additions	132,339	24,410	-	156,749
Impairment	(82,431)	(7,860)	-	(90,291)
Depreciation	(10,442)	(8,257)	(9,125)	(27,824)
Balance at 30 June 2023	158,497	26,812	26,248	211,557

Note 12. Property, plant and equipment (continued)

Impairment and additions
The company's Rochester branch incurred flooding during the period which resulted in damage to some of the leasehold improvements and plant and equipment held by the company. As such the company has recalculated the value of the assets affected and determined them to be fully impaired as at 30 June 2023. As such, an impairment loss of $90,291 has been recognised in the accounts.

A branch refurbishment was completed to return the premises to operating condition. This refurbishment was completed prior to 30 June 2023 and the new assets associated were recorded as additions.

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

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

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

Leasehold improvements	4 to 22 years
Plant and equipment	1 to 40 years
Motor vehicles	5 years

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

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

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

Changes in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 13. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	656,812	624,708
Less: Accumulated depreciation	(347,160)	(313,688)
	309,652	311,020

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

	Land and buildings $
Balance at 1 July 2021	153,407
Remeasurement adjustments	185,268
Depreciation expense	(27,655)
Balance at 30 June 2022	311,020
Remeasurement adjustments	32,103
Depreciation expense	(33,471)
Balance at 30 June 2023	309,652

Note 13. Right-of-use assets (continued)

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	130,862	130,862
Less: Accumulated amortisation	(116,277)	(111,901)
	14,585	18,961
Franchise renewal fee	304,314	304,314
Less: Accumulated amortisation	(231,385)	(209,507)
	72,929	94,807
Other intangible assets - Agency payout Rochester	13,580	13,580
Less: Accumulated amortisation	(13,580)	(13,580)
	-	-
	87,514	113,768

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

	Franchise fee $	Franchise renewal fee $	Other intangible assets - Agency payout Rochester $	Total $
Balance at 1 July 2021	1,493	7,462	4,527	13,482
Additions	21,878	109,392	-	131,270
Amortisation expense	(4,410)	(22,047)	(4,527)	(30,984)
Balance at 30 June 2022	18,961	94,807	-	113,768
Amortisation expense	(4,376)	(21,878)	-	(26,254)
Balance at 30 June 2023	14,585	72,929	-	87,514

Additions
During the previous financial year, Rochester and Elmore/Lockington franchise fees were renewed. Both are being amortised over five years to October 2026.

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

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

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

Note 14. Intangible assets (continued)

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	October 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 2026
Other intangible assets	Straight-line	3 years	June 2022

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

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

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	230,765	33,814
Other payables and accruals	156,376	51,445
	387,141	85,259
Non-current liabilities		
Other payables and accruals	61,631	92,447

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

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

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	48,571	46,589
Unexpired interest	(16,196)	(14,269)
	32,375	32,320
Non-current liabilities		
Land and buildings lease liabilities	412,959	400,796
Unexpired interest	(70,894)	(74,658)
	342,065	326,138

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	358,458	206,144
Remeasurement adjustments	39,737	191,632
Lease interest expense	15,856	12,973
Lease payments - total cash outflow	(39,611)	(52,291)
	374,440	358,458

Note 16. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	48,571	46,589
Between 12 months and 5 years	194,284	157,465
Greater than 5 years	218,675	243,331
	461,530	447,385

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

Lease payments included in the measurement of the lease liability comprise of variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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

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

The company's lease portfolio includes:

Lease	**Discount rate**	**Non-cancellable term**	**Renewal options available**	**Reasonably certain to exercise options**	**Lease term end date used in calculations**
Lockington Branch	7.25%	5 years	1 x 5 years	Yes	February 2029
Elmore Branch	4.79%	5 years	2 x 5 years	Yes	November 2033
Rochester Branch	3.54%	5 years	2 x 5 years	Yes	November 2033

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	37,573	41,138
Long service leave	40,169	40,088
	77,742	81,226
Non-current liabilities		
Long service leave	3,849	2,187

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

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

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

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

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

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

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

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	1,409,233	1,409,233	1,409,233	1,409,233
Bonus shares - fully paid (4:1)	179,994	179,994	-	-
Less: Equity raising costs	-	-	(64,569)	(64,569)
	1,589,227	1,589,227	1,344,664	1,344,664

Note 18. Issued capital (continued)

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 694. As at the date of this report, the company had 754 shareholders (2022: 756 shareholders).

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

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

Note 18. Issued capital (continued)

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

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

Note 19. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(518,528)	(570,092)
Profit after income tax expense for the year	142,503	123,081
Dividends paid (note 21)	(87,409)	(71,517)
Accumulated losses at the end of the financial year	(463,434)	(518,528)

Note 20. Capital management

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

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

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

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

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

Note 21. Dividends

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

	2023 $	2022 $
Fully franked dividend of 5.5 cents per share (2022: 4.5cents)	87,409	71,517

Note 21. Dividends (continued)

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	2,365	12,820
Franking credits (debits) arising from income taxes paid (refunded)	72,639	13,384
Franking debits from the payment of franked distributions	(29,136)	(23,839)
	45,868	2,365
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	45,868	2,365
Franking credits (debits) that will arise from payment (refund) of income tax	(4,808)	38,572
Franking credits available for future reporting periods	41,060	40,937

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

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

Note 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	229,658	144,286
Cash and cash equivalents	977,859	763,451
	1,207,517	907,737
Financial liabilities		
Trade and other payables	448,772	177,706
Lease liabilities	374,440	358,458
	823,212	536,164

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

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

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

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

Note 22. Financial instruments (continued)

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $977,859 at 30 June 2023 (2022: $763,451).

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

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	387,141	61,631	-	448,772
Lease liabilities	48,571	194,284	218,675	461,530
Total non-derivatives	435,712	255,915	218,675	910,302

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	85,259	92,447	-	177,706
Lease liabilities	46,589	157,465	243,331	447,385
Total non-derivatives	131,848	249,912	243,331	625,091

Note 23. Key management personnel disclosures

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

Joseph Hugh Holloway
Bradley Adrian Drust
Ian Anthony Maddison
Barbara Leanne Holmberg
Stuart Alan Majella Wilson
James David Hodgens
Julianne Mary Hand

Compensation
Key management personnel compensation comprised the following.

	2023 $	**2022 $**
Short-term employee benefits	-	4,200

Note 24. Related party transactions

There were no transactions with related parties during the current and previous financial year.

Note 25. Remuneration of auditors

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

	2023 $	**2022 $**
Audit services		
Audit or review of the financial statements	6,800	6,500
Other services		
Taxation advice and tax compliance services	1,440	1,695
General advisory services	3,810	2,130
Share registry services	7,761	8,731
	13,011	12,556
	19,811	19,056

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	142,503	123,081
Adjustments for:		
Depreciation and amortisation	87,549	93,612
Impairment	90,291	-
Net gain on disposal of non-current assets	-	(21,036)
Lease liabilities interest	15,856	12,973
Change in operating assets and liabilities:		
Increase in trade and other receivables	(84,640)	(33,978)
Increase in income tax refund due	(4,808)	-
Decrease/(increase) in deferred tax assets	18,296	(1,844)
Increase in trade and other payables	186,018	26,398
Increase/(decrease) in provision for income tax	(38,572)	31,150
Decrease in employee benefits	(1,822)	(19,496)
Increase in other provisions	2,458	2,543
Net cash provided by operating activities	413,129	213,403

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	142,503	123,081
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,589,227	1,589,227
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,589,227	1,589,227
	Cents	**Cents**
Basic earnings per share	8.97	7.74
Diluted earnings per share	8.97	7.74

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

Directors' declaration

30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors

Joseph Hugh Holloway
Chair

28 September 2023

Andrew Frewin Stewart
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Independent auditor’s report to the Directors of Lockmore Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lockmore Financial Services Limited (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

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Liability limited by a scheme approved under Professional Standards Legislation.

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Bendigo Bank

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