Annual Report 2023

Logan Country Financial Services Limited

Community Bank
Logan Village

ABN 38 120 853 545

Contents

Chair's report

For year ending 30 June 2023

I think it fair to say that if anyone had forecasted 11 interest rate rises in the last year, they would have done exceptionally well.

For everyone involved with Community Bank Logan Village, it certainly was a year of growth for our staff and community.

August 2022 saw the departure of our long-standing Branch Manager, Kerry Menck, who wanted to deal with some health issues she was concerned about. We wish Kerry all the best for her future health and prospects.

The Board took this opportunity to re-evaluate the direction of the branch and its community development, focusing on the well-being of our staff and partnerships with our community groups.

With the Regional Manager's and HR's assistance, we embarked on an extensive search for a replacement Branch Manager. Our priority was for someone who was team-focused and understood the Community Bank model and concept.

We were fortunate to meet and subsequently employ Robyn Downey, who had previous Bendigo Bank experience and was keen to grow the branch and encourage the staff to greater heights.

This also encompassed the Board's focus, which is to ensure all our staff are given the opportunity to grow in their role with promotion opportunities.

This led to the promotion of Sharon Norman to Customer Relationship Manager and Tahnee McKey to Customer Relationship Officer. The combination of these three members of our full-time staff has made the Community Bank Logan Village branch a formidable and knowledgeable team.

We then welcomed Nicole Swales to the team as our Customer Service Officer.

We still have a vacancy for another team member, so continue to search for the right candidate to enhance our team further.

We now find the branch is well-equipped to allow Robyn and Sharon to be more mobile, allowing them to reach out to our customers and strengthen our partnerships with our existing and future community groups.

Sharon successfully gained her lending DLA accreditation, allowing two staff to go directly to our customers to assist with their lending questions.

For some time, the Board has also focused on upgrading the branch to strengthen our position in the Logan Village area, and that project will be coming to fruition soon.

The Community Bank Logan Village team have worked closely with our community partners to reach out to those in Yarrabilba. We are working with the 5Fold not-for-profit to gain better access to our Yarrabilba community, supporting their breakfast program, and also having a presence in Yarrabilba for Friday mornings to allow us to answer any questions customers have.

Our team are also working with Logan Village Women's Shed, Logan Village Lions Club with the regular BBQs, Scenic Rim Regional Cadets First Aid Training for many, Park Ridge Riding Club replacing worn-out timber seats with new aluminium, Village Green Theatre Group for their sound equipment, South Rock State School a BBQ set up to enable additional fundraising efforts, Logan Village State School sporting equipment, and Logan Village Girl Guides supporting youth development.

Due to the successes this year, we were able to place a large sum of money into the Community Enterprise Foundation™, allowing us to continue supporting our community for many years if unforeseen difficulties arise again. This also has tax benefits.

The Board has also been working hard to raise our physical profile in the community. Due to our old branded vehicle's age and associated repair costs, we were forced to upgrade to a new vehicle, also Bendigo Bank branded.

We then upgraded the small vehicle to an identical model and branded that vehicle too. The response from our clients and the public was very positive and has raised our community profile very quickly. Now, both cars can carry all our Marquees and promotional items, giving the branch greater flexibility when dealing with our community groups. It also gives us greater reliability, fuel economy and fewer maintenance issues.

Another achievement we are very proud to support was sponsoring four of our local young people to a Youth Leadership & Business Summit in New South Wales run by the Magic Moments Foundation.

We are delighted to have one of the successful recipients attend the AGM.

The Board has also embarked on reviewing policies and procedures to ensure best practices for the business and looking towards the future for engaging new Directors as we keep growing.

We thank our shareholders for their continued support throughout the last 16 years, and the Board is pleased to announce a dividend return of 10 cents per share plus an additional 10 cents per share bonus.

The present Board members acknowledge that returns have been scarce over an extended period for various reasons. Although the current Board members have only been at the helm for a few years, our focus has always been to reverse that trend. By offering a bonus to the initial share return, we hope it is the start of some positivity for our shareholders. Congratulations on effectively getting a 20-cent return on each share.

It should be noted that this offer comes with the support and advice of our auditors and aligns with the Company's best practices.

Moving into the future, the Board is working with the support of Bendigo Bank to transform our branch and our community impacts. It involves reimagining how we work together to deliver the evolving needs of our branch, staff and community.

Working together, we share our story with as many as possible near and far.

Thank you again for your continued support of Logan Country Financial Services Limited, we are looking forward to the year ahead.

Regards

Sonia Hasted
Chair

Manager's report

For year ending 30 June 2023

Over the course of the past 17 years, Logan Country Financial Services Limited has provided more than $500,000 in support to local clubs and organisations. Our Company via the sustained success of Community Bank Logan Village in this endeavour can be directly attributed to the trust we have cultivated with our diverse community partners.

Leading our exceptional team of employees, who have navigated numerous challenges in the past 12 months, has been a true pleasure. During this time, our team experienced personnel changes, welcoming new members while bidding farewell to others. These transitions have notably improved the team's efficiency and effectiveness, and I have full confidence that our staff will continue to positively impact our overall performance.

Our staff members have been diligently engaged in tasks such as opening new accounts, processing loan applications, and addressing insurance inquiries. We understand that for our business to flourish, we must invest in our staff's development and maintain an active presence within the community. We are fortunate to possess two work vehicles that facilitate visits to customers who may be unable to visit the branch due to health issues or work commitments.

YTD Growth, Recomiciles and Transfers

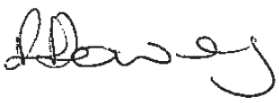
Product	YTD New & Existing Business Growth	YTD Redomiciles Out	YTD Redomiciles In	YTD OIC Transfers Out	YTD OIC Transfers In	YTD Actual Growth
Contingent Liabilities						
	-20,000					**-20,000**
Deposits						
At Call Deposit	-5,941,438	-40,725	80,321	-385,922	659,772	-5,627,992
Term Deposit	8,628,273	-100,274		0		8,527,999
	2,686,835	**-141,000**	**80,321**	**-385,922**	**659,772**	**2,900,007**
Loans						
Home Equity	-491,272					-491,272
Housing Loans	-5,452,599	-646,214	386,622	0	0	-5,712,191
Leasing	-130,765					-130,765
Overdraft	10,421		28		10,491	20,941
Personal Loan	-146,525					-146,525
Revolving Credit	45,862		0		5,438	51,300
Small Business & Commercial Loans	-72,373					-72,373
	-6,237,250	**-646,214**	**386,650**	**0**	**15,930**	**-6,480,884**
Total	**-3,570,415**	**-787,213**	**466,972**	**-385,922**	**675,701**	**-3,600,878**

Manager’s report (continued)

While the enduring impacts of COVID-19 remain a significant concern for consumers and lending interest rates continue to rise, there was a decline in growth in the home lending sector. This year has been exceptionally challenging, with our overall lending falling short of the target. Nonetheless, our branch achieved a yearly profit due to strong growth in deposits which is a noteworthy accomplishment, contributing to the branch achieving a yearly profit. This allowed us to strengthen our position in the community enabling us to share the narrative behind why they should support our Community Bank. The branch outperformed our annual growth target and the increasing number of customers banking with us allows us to channel greater profits being reinvested in the community.

We take immense pride in our support for Logan Village and the neighbouring communities. Our Company’s contributions include sponsorship and judging of Christmas light displays, active involvement with the Logan Regional Chamber of Commerce, participation in Remembrance Day events in Logan Village, engagement in Pitch Night activities, volunteering for piggy races at Logan Village RSL, and support for Logan Village State School’s end-of-year presentation. Many local community groups continue to grapple with the aftermath of the COVID-19 pandemic, and we are privileged to have been able to assist them during these challenging times and into the foreseeable future.

I extend my heartfelt gratitude to our team for their unwavering dedication over the past 12 months, ensuring that the branch remains accessible to our customers even during periods of staff shortages. I also want to express my appreciation to our shareholders and Directors for their unwavering support of the branch throughout the past year. It is their continued commitment that empowers us to make meaningful contributions to the community as we do today. Collaborating with passionate, well-informed locals who are dedicated to making a positive impact on our community is both a pleasure and an honour.



Robyn Downey
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:	Sonia Jane Hasted
Title:	Non-executive director
Experience and expertise:	Flagstone Netball Club Secretary 2018 - Volunteer Position. Emmaus College P & F 2nd Hand Uniform Shop Co-Ordinator - Volunteer Position. Previous experience 10 years Manager Simply Signs Australia, Project Management. Qualifications - Certificate IV in Business and Diploma of Business. Qualifications - Diploma Of Management & Diploma of Marketing. Coach AB Paterson College Netball Team 2019 and 2021 - Volunteer position. Appointed to AB Paterson Netball Club Committee in October 2022.
Special responsibilities:	Chair, Business Development & Marketing Committee and Cluster Representative - LCFS, Acting Treasurer.

Name:	Shane Lindsay Drew
Title:	Non-executive director
Experience and expertise:	Shane is a sign manufacturer and installer. He is Secretary of the Beenleigh Yatala Chamber of Commerce. He was self employed for the majority of his working life. He is a Managing Director of Drew Sign It Pty Ltd and a Former Board member on Club Beenleigh.
Special responsibilities:	Nil.

Name:	Jae William Martin
Title:	Non-executive director
Experience and expertise:	Current owner/operator of Mondaze and Mondaze Media. He has a broad skillset in communication, managing teams, working with clients, organising community events, marketing, branding and day to day business operations.
Special responsibilities:	Nil.

Name:	Luke Andrew Douglas
Title:	Non-executive director
Experience and expertise:	Previous occupations include Personal Training Supervisor, Manager Area Manager. Gym Manager. Business Owner. Currently working as Director and General Manager of Yarrabilba Basketball Inc. Luke has 11 years of management and team development experience, two years experience in governance. Education includes Bachelor of Exercise and Sports Science, Masters in Business Administration and currently studying a Masters in Analytics at UNSW.
Special responsibilities:	Community Engagement Committee.

Name:	Vasi Danbury
Title:	Non-executive director *(resigned 6 February 2023)*
Experience and expertise:	Vasi is an extremely competent teacher and leader having worked at Tennant Creek High School as an Executive Teacher 2/ Head Teacher of the Social Studies section. Vasi took advantage of every opportunity that came her way to learn about her chosen career and improve her teaching skills. In the role, she mentored teachers and supported students and her team knew they could rely on her. Vasi has an enthusiasm and true commitment to each of her students, which she brings to the Board. Vasi has worked in various QLD schools, including Ayr State High School and Windaroo Valley State High School. She is currently working with disadvantaged and marginalised students as part of the hardworking team of teachers at the South East Region Learning College, Helensvale campus. Vasi believes the youth in the community have valuable skills to offer and is keen to develop positive relationships with local schools. Developing the Junior Board position is something that Vasi is interested in to highlight the talented young people in the community. Vasi is an active member of her community. A frequent volunteer and participant at Yarrabilba parkrun, she also volunteers for the Cancer Council. Vasi looks forward to meeting many more members in her community as a Board member and building positive relationships with community groups.
Special responsibilities:	Community Engagement Committee.

Company secretary
There have been two company secretaries holding the position during the financial year:

- Shane Lindsay Drew was appointed company secretary on 5 March 2023.
- Vasi Danbury was appointed as company secretary on 26 March 2020 and ceased on 31 December 2022.

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 $355,210 (30 June 2022: $48,926).

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

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

	2023 **$**
Unfranked dividend of 5 cents per share (2022: nil cents)	31,305

Significant changes in the state of affairs
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
Sonia Jane Hasted	11	10
Shane Lindsay Drew	11	11
Jae William Martin	11	5
Luke Andrew Douglas*	9	3
Vasi Danbury	6	6

* Leave of absence from July to August 2022.

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 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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

	Balance at the start of the year	Changes	Balance at the end of the year
Sonia Jane Hasted	500	-	500
Shane Lindsay Drew	-	-	-
Jae William Martin	-	-	-
Luke Andrew Douglas	-	-	-
Vasi Danbury	-	-	-

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 27 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

Sonia Jane Hasted
Chair

31 August 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 Logan Country Financial Services Ltd

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 31 August 2023

Joshua Griffin
Lead Auditor

Financial statements

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

	Note	2023 $	2022 $
Revenue from contracts with customers	7	1,317,224	927,250
Other revenue	8	14,992	26,250
Finance revenue		112	326
Gain on remeasurement of right-of-use assets	9	-	39,823
Total revenue		1,332,328	993,649
Employee benefits expense	10	(434,538)	(598,581)
Advertising and marketing costs		(15,225)	(4,311)
Occupancy and associated costs		(19,449)	(47,197)
System costs		(16,304)	(42,453)
Depreciation and amortisation expense	10	(40,232)	(110,580)
Finance costs	10	(6,812)	(12,423)
General administration expenses		(94,689)	(108,954)
Total expenses before community contributions and income tax expense		(627,249)	(924,499)
Profit before community contributions and income tax expense		705,079	69,150
Charitable donations, sponsorships and grants expense	10	(231,275)	(3,915)
Profit before income tax expense		473,804	65,235
Income tax expense	11	(118,594)	(16,309)
Profit after income tax expense for the year	21	355,210	48,926
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		355,210	48,926
		Cents	**Cents**
Basic earnings per share	29	56.73	7.81
Diluted earnings per share	29	56.73	7.81

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

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

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	12	383,868	109,882
Trade and other receivables	13	100,448	39,985
Total current assets		484,316	149,867
Non-current assets			
Property, plant and equipment	14	125,460	49,691
Right-of-use assets	15	128,844	134,383
Intangible assets	16	44,524	57,555
Deferred tax assets	11	-	78,958
Total non-current assets		298,828	320,587
Total assets		783,144	470,454
Liabilities			
Current liabilities			
Trade and other payables	17	17,391	30,683
Borrowings	18	-	6,034
Lease liabilities	19	17,089	15,561
Current tax liabilities	11	23,294	-
Total current liabilities		57,774	52,278
Non-current liabilities			
Trade and other payables	17	30,645	45,967
Borrowings	18	-	10,004
Lease liabilities	19	143,729	151,716
Deferred tax liabilities	11	16,342	-
Lease make good provision		7,471	7,211
Total non-current liabilities		198,187	214,898
Total liabilities		255,961	267,176
Net assets		527,183	203,278
Equity			
Issued capital	20	626,108	626,108
Accumulated losses	21	(98,925)	(422,830)
Total equity		527,183	203,278

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

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		626,108	(471,756)	154,352
Loss after income tax benefit		-	48,926	48,926
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	48,926	48,926
Balance at 30 June 2022		626,108	(422,830)	203,278

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		626,108	(422,830)	203,278
Profit after income tax expense		-	355,210	355,210
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	355,210	355,210
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(31,305)	(31,305)
Balance at 30 June 2023		626,108	(98,925)	527,183

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

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

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,409,289	1,029,888
Payments to suppliers and employees (inclusive of GST)		(966,192)	(895,209)
Interest received		112	326
Interest and other finance costs paid		-	(146)
Net cash provided by operating activities	28	443,209	134,859
Cash flows from investing activities			
Payments for property, plant and equipment	14	(103,313)	-
Payments for intangible assets		(13,930)	(13,930)
Proceeds from disposal of property, plant and equipment		18,180	-
Net cash used in investing activities		(99,063)	(13,930)
Cash flows from financing activities			
Repayment of lease liabilities	19	(22,188)	(56,411)
Dividends paid	23	(31,305)	-
Repayment of borrowings		(16,667)	(8,088)
Net cash used in financing activities		(70,160)	(64,499)
Net increase in cash and cash equivalents		273,986	56,430
Cash and cash equivalents at the beginning of the financial year		109,882	53,452
Cash and cash equivalents at the end of the financial year	12	383,868	109,882

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 2, 125 Wharf Street, Logan Village QLD 4207.

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 31 August 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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. Correction of error

The prior year financial report incorrectly classified chattel mortgages relating to motor vehicles under 'lease liabilities' and the corresponding asset under 'right-of-use assets'. Upon further analysis of *AASB 16 Leases*, the correct classification should have been under 'loans and borrowings' and 'property, plant and equipment'. We considered the discrepancy immaterial to users of the financial report, however we believe it is important to rectify the classification error. Therefore, the necessary corrections to the 2023 and 2022 disclosures have been made accordingly.

Note 6. 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 November 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.

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.

Note 6. Economic dependency (continued)

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 7. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,197,479	791,897
Fee income	68,470	75,407
Commission income	51,275	59,946
	1,317,224	927,250

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

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

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

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

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

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

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 8. Other revenue

	2023 $	2022 $
Net gain on disposal of property, plant and equipment	2,492	-
Market development fund	10,000	26,250
Other income	2,500	-
	14,992	26,250

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.

Note 8. Other revenue (continued)

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 sale 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. Losses on disposal are offset against gains.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

Discretionary financial contributions
In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The company retains control over the funds, the funds are not refundable to Bendigo Bank.

Note 9. Gain on remeasurement of right-of-use assets

	2023 $	2022 $
Gain on remeasurement of right-of-use assets	-	39,823

As at 30 June 2022 the company was no longer operating from the Jimboomba Branch, as such the right-of-use asset for that branch was remeasured to $0. As a result of the remeasurement an accounting gain was recognised in the prior period.

Note 10. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	347,715	472,076
Non-cash benefits	-	6,774
Superannuation contributions	37,239	52,492
Expenses related to long service leave	5,382	(1,517)
Other expenses	44,202	68,756
	434,538	598,581

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

Note 10. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	3,304	75,212
Plant and equipment	2,433	1,951
Motor vehicles	6,119	4,890
	11,856	82,053
Depreciation of right-of-use assets		
Leased land and buildings	15,345	12,830
Amortisation of intangible assets		
Establishment fee	-	2,500
Franchise renewal fee	13,031	13,197
	13,031	15,697
	40,232	110,580

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	-	146
Lease interest expense	5,923	10,933
Unwinding of make-good provision	260	618
Chattel mortgage interest expense	629	726
	6,812	12,423

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	5,535	19,024

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

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments	20,749	3,915
Contribution to the Community Enterprise Foundation™	210,526	-
	231,275	3,915

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

Note 10. Expenses (continued)

The funds contributed to the Community Enterprise Foundation™ (CEF) are held by them 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 11. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	23,294	-
Movement in deferred tax	47,077	1,736
Recoupment of prior year tax losses	48,223	14,573
Aggregate income tax expense	118,594	16,309
Prima facie income tax reconciliation		
Profit before income tax expense	473,804	65,235
Tax at the statutory tax rate of 25%	118,451	16,309
Tax effect of:		
Non-deductible expenses	143	-
Income tax expense	118,594	16,309

	2023 $	2022 $
Deferred tax attributable to:		
expense accruals	43	43
make-good provision	1,868	1,803
lease liabilities	40,205	41,820
property, plant and equipment	(26,247)	20,665
carried-forward tax losses	-	48,223
right-of-use assets	(32,211)	(33,596)
Deferred tax asset/(liability)	(16,342)	78,958

	2023 $	2022 $
Provision for income tax	23,294	-

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.

Note 11. Income tax (continued)

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

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

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

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

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

Note 12. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	292,888	79,015
Term deposits	90,980	30,867
	383,868	109,882

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 13. Trade and other receivables

	2023 $	2022 $
Trade receivables	84,229	29,256
Prepayments	16,219	10,729
	100,448	39,985

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

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

Note 14. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	150,176	152,946
Less: Accumulated depreciation	(128,247)	(127,246)
	21,929	25,700
Plant and equipment - at cost	73,595	73,659
Less: Accumulated depreciation	(57,249)	(67,675)
	16,346	5,984
Motor vehicles - at cost	89,471	39,122
Less: Accumulated depreciation	(2,286)	(21,115)
	87,185	18,007
	125,460	49,691

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	100,912	7,935	22,897	131,744
Depreciation	(75,212)	(1,951)	(4,890)	(82,053)
Balance at 30 June 2022	25,700	5,984	18,007	49,691
Additions	-	13,842	89,471	103,313
Disposals	(467)	(1,047)	(14,174)	(15,688)
Depreciation	(3,304)	(2,433)	(6,119)	(11,856)
Balance at 30 June 2023	21,929	16,346	87,185	125,460

Additions
During the financial year the company sold 2 motor vehicles and purchased 2 new motor vehicles.

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	5 to 9 years
Plant and equipment	2 to 14 years
Motor vehicles	8 years

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

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

Note 14. Property, plant and equipment (continued)

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

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

Note 15. Right-of-use assets

	2023 **$**	**2022** **$**
Land and buildings - right-of-use	332,069	322,263
Less: Accumulated depreciation	(203,225)	(187,880)
	128,844	134,383

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	230,125
Remeasurement adjustments	(82,912)
Depreciation expense	(12,830)
Balance at 30 June 2022	134,383
Remeasurement adjustments	9,806
Depreciation expense	(15,345)
Balance at 30 June 2023	128,844

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 19 for more information on lease arrangements.

Note 16. Intangible assets

	2023 $	2022 $
Establishment fees	165,602	165,602
Less: Accumulated amortisation	(165,602)	(165,602)
	-	-
Franchise fees	211,630	211,630
Less: Accumulated amortisation	(167,106)	(154,075)
	44,524	57,555
	44,524	57,555

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

	Establishment fee $	Franchise fees $	Total $
Balance at 1 July 2021	2,500	5,596	8,096
Additions	-	65,156	65,156
Amortisation expense	(2,500)	(13,197)	(15,697)
Balance at 30 June 2022	-	57,555	57,555
Amortisation expense	-	(13,031)	(13,031)
Balance at 30 June 2023	-	44,524	44,524

Additions
During the previous financial year, the Logan Village franchise fee was renewed. This is being amortised over five years to November 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 by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fees	Straight-line	Over the franchise term (5 years)	November 2026

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 17. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	382	1,991
Other payables and accruals	17,009	28,692
	17,391	30,683
Non-current liabilities		
Other payables and accruals	30,645	45,967

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 18. Borrowings

	2023 $	2022 $
Current liabilities		
Chattel mortgage	-	6,034
Non-current liabilities		
Chattel mortgage	-	10,004

Accounting policy for borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	22,506	21,232
Unexpired interest	(5,417)	(5,671)
	17,089	15,561
Non-current liabilities		
Land and buildings lease liabilities	163,171	175,168
Unexpired interest	(19,442)	(23,452)
	143,729	151,716

Note 19. Lease liabilities (continued)

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	167,277	337,069
Remeasurement adjustments	9,806	(124,314)
Lease interest expense	5,923	10,933
Lease payments - total cash outflow	(22,188)	(56,411)
	160,818	167,277

Maturity analysis

	2023 $	2022 $
Not later than 12 months	22,506	21,232
Between 12 months and 5 years	90,025	84,930
Greater than 5 years	73,146	90,238
	185,677	196,400

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

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

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

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Logan Village Branch	3.54%	5 years	1 x 5 years	Yes	September 2031

Note 19. Lease liabilities (continued)

Remeasurement adjustments
During the prior period the company determined it was no longer reasonably certain to exercise the extension options available for the Jimboomba branch lease due to the planned closure of the branch. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred.

Note 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	626,108	626,108	626,108	626,108

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:

Note 20. Issued capital (continued)

- 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 140. As at the date of this report, the company had 163 shareholders (2022: 163 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.

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 21. Accumulated losses

	2023 **$**	**2022** **$**
Accumulated losses at the beginning of the financial year	(422,830)	(471,756)
Profit after income tax expense for the year	355,210	48,926
Dividends paid (note 23)	(31,305)	-
Accumulated losses at the end of the financial year	(98,925)	(422,830)

Note 22. 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.

Note 22. Capital management (continued)

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

Note 23. Dividends

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

	2023 $	2022 $
Unfranked dividend of 5 cents per share (2022: nil cents)	31,305	-

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

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	84,229	29,256
Cash and cash equivalents	383,868	109,882
	468,097	139,138
Financial liabilities		
Trade and other payables	48,036	76,650
Lease liabilities	160,818	167,277
	208,854	243,927

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, borrowings 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.

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.

Note 24. Financial instruments (continued)

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of $383,868 at 30 June 2023 (2022: $109,882).

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	17,391	30,645	-	48,036
Lease liabilities	22,506	90,025	73,146	185,677
Total non-derivatives	39,897	120,670	73,146	233,713

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	30,683	45,967	-	76,650
Lease liabilities	21,232	84,930	90,238	196,400
Chattel mortgage	6,034	10,004	-	16,038
Total non-derivatives	57,949	140,901	90,238	289,088

Note 25. Key management personnel disclosures

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

Sonia Jane Hasted
Shane Lindsay Drew
Jae William Martin
Luke Andrew Douglas
Vasi Danbury

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

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

Note 26. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
The company used the film and photography work of one the directors. The amount paid was:	2,200	-
The company purchased signage and promotional items from a directors personal business during the period. The amount paid was:	11,283	-

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

Note 27. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,600	2,660
Share registry services	3,346	2,317
	7,606	5,577
	13,006	10,777

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	355,210	48,926
Adjustments for:		
Depreciation and amortisation	40,232	110,580
Net gain on disposal of non-current assets	(2,492)	-
Net gain on disposal of right-of-use asset	-	(39,823)
Lease liabilities interest	6,552	11,659
Change in operating assets and liabilities:		
Increase in trade and other receivables	(60,463)	(23,461)
Decrease in deferred tax assets	78,958	16,307
Increase/(decrease) in trade and other payables	(14,684)	18,473
Increase in provision for income tax	23,294	-
Increase in deferred tax liabilities	16,342	-
Increase/(decrease) in other provisions	260	(7,802)
Net cash provided by operating activities	443,209	134,859

Note 29. Earnings per share

	2023 $	2022 $
Profit after income tax	355,210	48,926
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	626,108	626,108
Weighted average number of ordinary shares used in calculating diluted earnings per share	626,108	626,108
	Cents	**Cents**
Basic earnings per share	56.73	7.81
Diluted earnings per share	56.73	7.81

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. 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

Sonia Jane Hasted
Chair

31 August 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Logan Country Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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: 31 August 2023

Joshua Griffin
Lead Auditor

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This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank