Macedon Ranges Community Enterprises Ltd

ABN: 57 130 493 499

Financial Report for the year ended 30 June 2023

Prepared by:

GISBORNE ACCOUNTING

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Macedon Ranges Community Enterprises Ltd

Contents

The Directors present their report, together with the financial statements, of Macedon Ranges Community Enterprises Ltd for the financial year ended 30 June 2023.

Board of Directors

The following persons were Directors of Macedon Ranges Community Enterprises Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Dominic Andreacchio	
Title:	Chair
Qualifications:	MBM, Post Grad. Dip. BM, Dip HR, AHRI
Experience & Expertise:	Extensive public and private sector board and HR experience, including non-profits and clubs. Lecturer at Australian Institute of Management MBA Program.

Erin McKinnon	
Title:	Director
Qualifications:	BA, MA, GradDipEd
Experience & Expertise:	Extensive management experience in community not-for-profit sector.

David Gunn	
Title:	Director, Treasurer and Chair of the Audit Committee
Qualifications:	GAICD, CPA, MBA, ACMA, B Sc(Hon)
Experience & Expertise:	Extensive executive experience in COO/CFO roles in commerical, for purpose organisations globally, nationally and locally.

Rebecca Thorpe	
Title:	Director
Qualifications:	BA (Journalism)
Experience & Expertise:	Decades of experience as a communications professional and journalist. Active member of the Macedon Ranges community, serving on boards of local CFA and CWA branches.

Alison Fowler - appointed 14 November 2022	
Title:	Director and Chair of the Marketing and Community Investment Committee
Qualifications:	BEd, DipBus (Sports administration)
Experience & Expertise:	Extensive project & event experience across corporate, NFP and small business sector.

Andrew Kincaid - appointed 30 January 2023	
Title:	Director
Qualifications:	LLB
Experience & Expertise:	Barrister and Solicitor of the Supreme Court of Victoria, Member of VCAT, President of South Melbourne Athletic club.

David Thomas - appointed 14 November 2022	
Title:	Director
Qualifications:	BComm Accounting, CPA, GAICD
Experience & Expertise:	Extensive experience in banking & finance and accounting in local & state governments. Member of VIC SES and volunteer finance officer

Karen Clifford - resigned 14 November 2022	
Title:	Director
Qualifications:	B.App.Sc (Phys.Ed), MBM
Experience & Expertise:	Extensive experience in consultancy roles and community not-for-profit organisations.

Corinne Shaddock - resigned 14 November 2022	
Title:	Director and Community Engagement & Marketing Officer
Qualifications:	B.A., M.B.A
Experience & Expertise:	Marketing and communications at multinational, national and local level.

Sarah Matthee - resigned 14 November 2022	
Title:	Director and Chair of the Finance Audit & Risk Management ('FARM') Committee
Qualifications:	LLB / B.Eng (Chemical)
Experience & Expertise:	Non-practising lawyer, extensive experience in community not-for-profit sector.

Jo-ann Irwin - resigned 14 November 2022	
Title:	Director
Qualifications:	MBA, AAGM
Experience & Expertise:	Business Development and Marketing experience across the not for profit tourism and early years education sector.

Nathan Hall - resigned 3 February 2023	
Title:	Director
Qualifications:	CEMA
Experience & Expertise:	Nathan has significant experience in the public sector leading organisations, with skills in financial management, human resources, projects and general management.

Directors were in office for this entire financial year unless otherwise stated.

No Directors have material interests other than those referenced in the Directors' Report and related party note.

Company Secretary

The following people held the position of Company Secretary during the financial year:

Alice McMahon - resigned 28 November 2022	
Qualifications:	B.Comm, B.Arts, CA
Experience & Expertise:	Alice is a Chartered Accountant with experience in accounting & corporate governance in a range of industries.

Jo-Ann Irwin - appointed 28 November 2022	
Qualifications:	MBA, AAGM
Experience & Expertise:	Business Development and Marketing experience across the not for profit tourism and early years education sector.

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 these activities during the year.

Operating results

Operations have continued to perform in line with expectations. The profit of the company for the financial year after provision for income tax was:

	30 June 2023 ($)	30 June 2022 ($)	Movement
Profit After Tax	183,860	113,333	62%

Directors' interests

Director	Fully Paid Ordinary Shares		
	Balance at July 1 2022	Changes During the Year	Balance at 30 June 2023
Dominic Andreacchio	-	-	-
Erin McKinnon	-	-	-
David Gunn	10,000	3,000	13,000
Rebecca Thorpe	-	-	-
Alison Fowler - appointed 14 November 2022	-	-	-
Andrew Kincaid - appointed 30 January 2023	-	-	-
David Thomas - appointed 14 November 2022	-	-	-
Karen Clifford - resigned 14 November 2022	26,000	-	26,000
Corinne Shaddock - resigned 14 November 2022	5,001	-	5,001
Sarah Matthee - resigned 14 November 2022	-	-	-
Jo-ann Irwin - resigned 14 November 2022	-	-	-
Nathan Hall - resigned 3 February 2023	-	-	-

Review of operations

The profit for the company after providing for income tax amounted to $183,860 (30 June 2022: $113,333)

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.

Dividends

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

	Cents per Share	Total Amount ($)
Final fully franked dividend	10.0	72,321
Total Amount	**10.0**	**72,321**

Significant changes in the state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly impacted or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, 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.

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.

Indemnity and insurance of directors and officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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.

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 antity 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.

Directors' Meetings

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

Director	Board Meetings		Finance, Audit and Risk Management Committee Meetings	
	A	B	A	B
Dominic Andreacchio	8	8	2	2
Erin McKinnon	8	7	--	--
David Gunn	8	7	4	4
Rebecca Thorpe	8	5	--	--
Alison Fowler - appointed 14 November 2022	4	4	3	3
Andrew Kincaid - appointed 30 January 2023	3	3	--	--
David Thomas - appointed 14 November 2022	4	3	3	2
Karen Clifford - resigned 14 November 2022	4	4	--	--
Corinne Shaddock - resigned 14 November 2022	4	4	--	--
Sarah Matthee - resigned 14 November 2022	4	4	1	1
Jo-ann Irwin - resigned 14 November 2022	4	4	--	--
Nathan Hall - resigned 3 February 2023	6	2	1	0

A - The number of meetings eligible to attend.
B - The number of meetings attended.
- - Not a member of that committee.

Director	Marketing and Community Investment Committee	
	A	B
Dominic Andreacchio	4	4
Erin McKinnon	4	4
David Gunn	2	2
Rebecca Thorpe	4	3
Alison Fowler - appointed 14 November 2022	2	2
Andrew Kincaid - appointed 30 January 2023	2	2
David Thomas - appointed 14 November 2022	--	--
Karen Clifford - resigned 14 November 2022	2	2
Corinne Shaddock - resigned 14 November 2022	2	2
Sarah Matthee - resigned 14 November 2022	2	1
Jo-ann Irwin - resigned 14 November 2022	2	2
Nathan Hall - resigned 3 February 2023	--	--

A - The number of meetings eligible to attend.
B - The number of meetings attended.
- - Not a member of that committee.

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* .

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 on page 6 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Gisborne, Victoria, pursuant to section 298(2)(a) of the Corporations Act 2001.

Dominic Andreacchio

Dominic Andreacchio
Chairman
Dated this 15th day of September, 2023

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Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue			
Revenue from contracts with customers	8	2,416,170	1,636,192
Finance income	9	2,562	632
		2,418,732	**1,636,824**
Expenses			
Employee benefits expense	10a	(911,202)	(785,924)
Depreciation and amortisation	10b	(154,572)	(136,660)
Finance costs	10c	(5,082)	(6,918)
IT expenses		(32,720)	(33,275)
Occupancy expenses		(27,683)	(36,375)
Marketing and advertising		(28,123)	(52,172)
Insurance expense		(22,052)	(21,350)
Professional services		(35,425)	(20,284)
ATM costs		(15,946)	(16,726)
Printing and stationery		(9,100)	(8,445)
Bad debts written off		(148)	(56)
Other expenses		(80,597)	(42,998)
		(1,322,650)	**(1,161,183)**
Operating profit before community contributions and income tax		**1,096,082**	**475,641**
Charitable donations and sponsorship	10d	(854,196)	(324,081)
Profit before income tax		**241,886**	**151,560**
Income tax expense	11	(58,026)	(38,227)
Profit for the year after income tax		**183,860**	**113,333**
Other comprehensive income		-	-
Total comprehensive income for the year		**183,860**	**113,333**
Profit attributable to the ordinary shareholders of the company		183,860	113,333
Total comprehensive income attributable to ordinary shareholders of the company		**183,860**	**113,333**
Earnings per share		**¢**	**¢**
- basic and diluted earnings per share	33	25.42	15.67

Statement of Financial Position

For the year ended 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	12	445,749	321,066
Trade and other receivables	13	175,052	126,020
Financial assets	14	292,149	292,149
Other assets	15	13,200	7,460
Total current assets		**926,150**	**746,695**
Non-current assets			
Property, plant and equipment	16	106,629	160,483
Right-of-use assets	17	31,921	118,370
Intangible assets	18	5,129	18,313
Deferred tax assets	19	36,737	18,289
Total non-current assets		**180,416**	**315,455**
Total assets		**1,106,566**	**1,062,150**
Liabilities			
Current liabilities			
Trade and other payables	20	54,097	82,469
Current tax liability	19	46,997	11,839
Franchise fee payable	21	-	14,082
Lease liabilities	22	29,306	67,422
Employee benefits	23	58,422	50,906
Provision for dividends		1,861	1,161
Total current liabilities		**190,683**	**227,879**
Non-current liabilities			
Lease liabilities	22	-	29,306
Employee benefits	23	4,337	7,057
Make good provision	24	47,782	45,683
Total non-current liabilities		**52,119**	**82,046**
Total liabilities		**242,802**	**309,925**
Net assets		**863,764**	**752,225**
Equity			
Issued capital	25	704,766	704,766
Retained earnings	26	158,998	47,459
Total equity		**863,764**	**752,225**

The accompanying notes form part of these financial statements

Statement of Changes in Equity
For the year ended 30 June 2023

	Note	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2021		**704,766**	**6,447**	**711,213**
Comprehensive income for the year				
Profit for the year		-	113,333	113,333
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(72,321)	(72,321)
Balance at 30 June 2022		**704,766**	**47,459**	**752,225**
Balance at 1 July 2022		**704,766**	**47,459**	**752,225**
Comprehensive income for the year				
Profit for the year		-	183,860	183,860
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(72,321)	(72,321)
Balance at 30 June 2023		**704,766**	**158,998**	**863,764**

Statement of Cash Flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		2,558,935	1,754,896
Payments to suppliers and employees		(2,231,020)	(1,450,986)
Interest paid		(5,082)	(6,918)
Interest received		771	632
Income tax paid		(41,316)	(36,059)
Net cash flows provided by operating activities	27	**282,288**	**261,565**
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,579)	(72,790)
Purchase of intangible assets		(14,082)	(14,082)
Net cash flows used in investing activities		**(20,661)**	**(86,872)**
Cash flows from financing activities			
Repayment of lease liabilities		(65,323)	(61,771)
Dividends paid		(71,621)	(72,071)
Net cash flows used in financing activities		**(136,944)**	**(133,842)**
Net increase in cash held		**124,683**	**40,851**
Cash and cash equivalents at beginning of financial year		321,066	280,215
Cash and cash equivalents at end of financial year	12	**445,749**	**321,066**

Note 1. Reporting entity

This is the financial report for Macedon Ranges Community Enterprises Ltd (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered office:	Principal place of business:
11 Nexus Way GISBORNE VIC 3437	11 Nexus Way GISBORNE VIC 3437

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

Note 2. Basis of preparation and statement of compliance

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001,* Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors.

Note 3. 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.

Note 4. Summary of significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Revenue from contracts with customers

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.

Note 4. Summary of significant accounting policies *(continued)*

(a) Revenue from contracts with customers (continued)

Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the company's revenue stream is as follows:

Revenue	Includes	Performance Obligation	Timing of Recognition
Franchise agreement profit share	Margin, commission and fee income	When the company satisfies its obligation to arrange 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 Goods and Services Tax (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 – 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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

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

The company is entitled to a share of the margin earned by Bendigo and Adelaide Bank. If this reflects a loss, the company incurs a share of that loss. A Funds Transfer Pricing (FTP) model is used for the method of calculation of the cost of funds, deposit return and margin.

Commission

Commission revenue 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.

Note 4. Summary of significant accounting policies *(continued)*

(a) Revenue from contracts with customers (continued)

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank entities 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 and Adelaide Bank may change the form and amount of financial return that the company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(b) Other revenue

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

Revenue	Revenue recognition policy
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 Goods and Services Tax (GST).

(c) Economic dependency - Bendigo Bank

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

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.

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

Note 4. Summary of significant accounting policies *(continued)*

(c) Economic dependency - Bendigo Bank (continued)

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

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

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

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

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

(d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

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

Other long-term employee benefits

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

Note 4. Summary of significant accounting policies *(continued)*

(d) Employee benefits (continued)

Other long-term employee benefits (continued)

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

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income 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.

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 4. Summary of significant accounting policies *(continued)*

(e) Tax (continued)

Goods and Services Tax

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.

(f) 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.

(g) 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Plant & equipment	Straight line	2.5 to 10 years
Motor vehicles	Straight line	8 years

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

(h) Intangible assets

Intangible assets of the company include the franchise fees paid to Bendigo Bank conveying 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.

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

Note 4. Summary of significant accounting policies *(continued)*

(h) Intangible assets (continued)

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

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) 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, leases.

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, except for the equity securities which remain at fair value through profit or loss (FVTPL).

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.

(j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life 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 the impairment loss (if any).

Note 4. Summary of significant accounting policies *(continued)*

(j) Impairment (continued)

Non-financial assets (continued)

If the recoverable amount of an asset (or cash-generating unit) 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.

(k) Issued capital

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

(l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

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

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.

Note 4. Summary of significant accounting policies *(continued)*

(m) Leases (continued)

As a lessee (continued)

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

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

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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases & leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Note 5. Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 22 - Leases:	
(i) control	whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
(ii) Lease term	whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;

Note 5. Significant accounting judgements, estimates, and assumptions (continued)

(a) Judgements (continued)

(iii) discount rates	judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 19 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 28 - Financial instruments	Determining the fair value less costs to sell of the disposal group on the basis of significant unobservable inputs;
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset;
Note 23 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation;
Note 24 - Make-good provision	Key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6. 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 of Directors.

(a) 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 of the bank.

Note 6. Financial Risk Management (continued)

(b) 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 amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2023		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount $	< 12 Months $	1 - 5 Years $	> 5 Years $
Lease liabilities	29,306	29,636	-	-
Trade and other payables	54,097	54,097	-	-
Franchise fee payable	-	-	-	-

30 June 2022		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount $	< 12 Months $	1 - 5 Years $	> 5 Years $
Lease liabilities	96,728	70,405	29,636	-
Trade and other payables	82,469	82,469	-	-
Franchise fee payable	14,082	14,082	-	-

(c) 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.

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash flow and fair values interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. 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 $445,949 at 30 June 2023 (2022: $321,066).

Note 7. Capital Management

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

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the 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 year ended 30 June 2023 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8. Revenue from contracts with customers

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

	2023 $	2022 $
Revenue		
- Revenue from contracts with customers	2,416,170	1,636,192
	2,416,170	**1,636,192**
Disaggregation of revenue from contracts with customers		
- Margin income	2,195,499	1,417,310
- Fee income	101,931	98,625
- Commission income	118,740	120,257
	2,416,170	**1,636,192**

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Note 9. Finance income

The company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

Term deposits which can be readily converted to a known amount of cash and subject to an insignificant risk of change may qualify as a cash equivalent.

	2023 $	2022 $
Finance income		
At amortised cost:		
- Interest from term deposits	2,562	632
	2,562	**632**

Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee benefits expense

	2023 $	2022 $
Employee benefits expense		
- Wages & salaries	694,915	594,325
- Superannuation costs	134,373	122,634
- Other expenses related to employees	81,914	68,965
	911,202	**785,924**

(b) Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
- furniture and fittings	45,700	45,684
- motor vehicles	9,239	3,525
	54,939	**49,209**
Amortisation of right-of-use assets		
- leased buildings	86,449	74,267
	86,449	**74,267**
Amortisation of intangible assets		
- franchise fees	13,184	13,184
	13,184	**13,184**
Total depreciation & amortisation expense	**154,572**	**136,660**

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 4(g) and 4(h) for details).

(c) Finance costs

	Note	2023 $	2022 $
Finance costs			
- Lease interest expense		2,983	5,903
- Unwinding of make-good provision		2,099	1,015
		5,082	**6,918**

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

Note 10. Expenses *(continued)*

(d) Charitable donations and sponsorship

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 sponsorships, donations and grants).

	Note	2023 $	2022 $
Charitable donations and sponsorship			
- Direct sponsorship, grants and donations		254,196	189,081
- Contribution to the Community Enterprise Foundation™	10(e)	600,000	135,000
		854,196	**324,081**

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

The CEF is a donor advised foundation. While the directors are involved in the payment of grants, the funds are not refundable to the company.

(e) Community Enterprise Foundation™ Contributions

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in, form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2023 $	2022 $
Disaggregation of CEF funds			
Opening balance		651,809	571,746
Contributions paid	10(d)	631,579	142,105
Grants paid out		(128,831)	(58,303)
Interest received		19,884	3,366
Management fees incurred	10(d)	(31,579)	(7,105)
Balance available for distribution		**1,142,862**	**651,809**

(f) Recognition exemption

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 accounting. Expenses relating to low-value exempt leases are included in IT expenses.

Note 11. Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) Amounts recognised in profit or loss

	2023 $	2022 $
Current tax expense	76,474	38,537
Movement in deferred tax	(18,448)	(310)
Adjustments due to changes in company tax rate	-	-
	58,026	**38,227**

(b) *Prima facie* income tax reconciliation

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2023 $	2022 $
Operating profit before taxation	241,886	151,560
Prima facie tax on profit before income tax at 25% (2022: 25%)	60,472	37,890
Add tax effect of:		
- Small business technology boost	(2,423)	-
- Small business training boost	(586)	-
- Non-deductible expenses	563	337
Income tax attributable to the entity	**58,026**	**38,227**
The applicable weighted average effective tax rate is:	23.99%	25.22%

Note 12. Cash and cash equivalents

(a) Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	445,749	321,066
	445,749	**321,066**

(b) Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash includes cash on hand, cash held with financial and banking institutions, and investments in short-term money financial instruments, net of outstanding bank overdrafts. Bank overdrafts are presented with loans and borrowings.

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

	2023 $	2022 $
Cash at bank and on hand	445,749	321,066
	445,749	**321,066**

Note 13. Trade and other receivables

	2023 $	2022 $
Current assets		
Trade receivables	173,216	125,975
Other receivables	1,836	45
	175,052	**126,020**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Note 14. Financial assets

	2023 $	2022 $
At Amortised Cost		
Term deposits	292,149	292,149
	292,149	**292,149**

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Note 15. Other assets

	2023 $	2022 $
Prepayments	13,200	7,460
	13,200	**7,460**

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

Note 16. Property, plant and equipment

(a) Carrying amounts

	2023			2022		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
	$	$	$	$	$	$
Furniture & fittings	375,611	329,614	45,997	369,032	283,914	85,118
Motor vehicles	70,508	9,876	60,632	90,212	14,847	75,365
	446,119	**339,490**	**106,629**	**459,244**	**298,761**	**160,483**

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

(b) Reconciliation of carrying amounts

2023	Furniture & Fittings $	Motor Vehicles $
Opening carrying value	85,118	75,365
Additions	6,579	-
Disposals	-	(5,494)
Depreciation expense	(45,700)	(9,239)
Closing carrying value	**45,997**	**60,632**

2022	Furniture & Fittings $	Motor Vehicles $
Opening carrying value	128,520	8,382
Additions	2,282	70,508
Disposals	-	-
Depreciation expense	(45,684)	(3,525)
Closing carrying value	**85,118**	**75,365**

Note 16. Property, plant and equipment (continued)

(c) Capital expenditure commitments

The entity does not have any capital expenditure commitments as at 30 June 2023 (2022: None).

(d) 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 17. Right-of-use assets

(a) Carrying amounts

	2023			2022		
	At Cost / Valuation	Accumulated amortisation	Written Down Value	At Cost / Valuation	Accumulated amortisation	Written Down Value
	$	$	$	$	$	$
Leased land and buildings	316,807	284,886	31,921	316,807	198,437	118,370
	316,807	**284,886**	**31,921**	**316,807**	**198,437**	**118,370**

(b) Reconciliation of carrying amounts

2023	Leased Buildings $	Total ROU Asset $
Opening carrying value	118,370	118,370
Amortisation expense	(86,449)	(86,449)
Net carrying amount	**31,921**	**31,921**

2022	Leased Buildings $	Total ROU Asset $
Opening carrying value	147,968	147,968
Adjustment for make good provision	44,669	44,669
Amortisation expense	(74,267)	(74,267)
Net carrying amount	**118,370**	**118,370**

Note 18. Intangible assets

(a) Carrying amounts

	2023			2022		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fee	65,919	60,790	5,129	65,919	47,606	18,313
Establishment fee	104,286	104,286	-	104,286	104,286	-
	170,205	**165,076**	**5,129**	**170,205**	**151,892**	**18,313**

(b) Reconciliation of carrying amounts

2023	Franchise Fee $	Establishment Fee $
Opening carrying value	18,313	-
Additions	-	-
Disposals	-	-
Amortisation expense	(13,184)	-
Closing carrying value	**5,129**	**-**

2022	Franchise Fee $	Establishment Fee $
Opening carrying value	31,497	-
Additions	-	-
Disposals	-	-
Amortisation expense	(13,184)	-
Closing carrying value	**18,313**	**-**

(c) Changes 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 19. Tax assets and liabilities

(a) Current tax

	2023 $	2022 $
Income tax payable	46,997	11,839

(b) Deferred tax

Movement in the company's deferred tax balances for the year ended 30 June 2023:

	30 June 2022 $	Recognised in P & L $	30 June 2023 $
Deferred tax assets			
- Expense accruals	10,801	1,429	12,230
- Lease liability & Right of use asset	6,010	5,281	11,291
- Property, plant & equipment	-	2,567	2,567
- Employee provisions	14,491	1,199	15,690
Total deferred tax assets	**31,302**	**10,476**	**41,778**
Deferred tax liabilties			
- Prepayments	(1,865)	(1,434)	(3,299)
- Accrued income	(11)	(448)	(459)
- Franchise fee	(1,058)	(225)	(1,283)
- Property, plant & equipment	(10,079)	10,079	-
Total deferred tax liabilities	**(13,013)**	**7,972**	**(5,041)**
Net deferred tax assets	**18,289**	**18,448**	**36,737**

Movement in the company's deferred tax balances for the year ended 30 June 2022:

	30 June 2021 $	Recognised in P & L $	30 June 2022 $
Deferred tax assets			
- Expense accruals	8,262	2,539	10,801
- Lease liability & Right of use asset	2,886	3,124	6,010
- Employee provisions	12,766	1,725	14,491
Total deferred tax assets	**23,914**	**7,388**	**31,302**
Deferred tax liabilties			
- Prepayments	(1,718)	(147)	(1,865)
- Accrued income	(17)	6	(11)
- Franchise fee	(833)	(225)	(1,058)
- Property, plant & equipment	(3,367)	(6,712)	(10,079)
Total deferred tax liabilities	**(5,935)**	**(7,078)**	**(13,013)**
Net deferred tax assets	**17,979**	**310**	**18,289**

Note 20. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade creditors	3,216	17,659
Salary & wages payable	17,618	33,954
GST payable/(receivable)	(4,037)	16,154
PAYG withheld from wages	5,998	5,452
Community investments accrued	21,046	-
Accounting & audit fees accrued	10,256	9,250
	54,097	**82,469**

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

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 21. Franchise fee payable

	2023 $	2022 $
Current liabilities		
Franchise fee payable within 12 months	-	14,082
	-	**14,082**
Non-current liabilities		
Franchise fee payable after 12 months	-	-
	-	**-**
Total franchise fee payable	**-**	**14,082**

The franchise fee payable at 30 June 2022 was deducted from the revenue share for November 2022. This was the final payment under the current franchise agreement which runs until 18 November 2023.

Note 22. 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 on the adoption date. The discount rate used on recognition was 4.5%

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

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

Note 22. Lease Liabilities (continued)

(a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
Gisborne Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in November 2018.

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.

(b) Lease Liabilities

Lease liabilities are presented in the statement of financial position as follows:

	2023 $	2022 $
Current	29,306	67,422
Non-current	-	29,306
	29,306	**96,728**

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2023 were as follows:

	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
30 June 2023					
Lease payments	29,636	-	-	-	29,636
Finance charges	(330)	-	-	-	(330)
Net present values	**29,306**	**-**	**-**	**-**	**29,306**
30 June 2022					
Lease payments	70,405	29,636	-	-	100,041
Finance charges	(2,983)	(330)	-	-	(3,313)
Net present values	**67,422**	**29,306**	**-**	**-**	**96,728**

Note 23. Employee benefits

	2023 $	2022 $
Current liabilities		
Provision for annual leave	42,300	36,379
Provision for long service leave	16,122	14,527
	58,422	**50,906**
Non-current liabilities		
Provision for long service leave	4,337	7,057
	4,337	**7,057**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee attrition rates

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

Note 24. Make good provision

	2023 $	2022 $
Make-good on leased premises	47,782	45,683
	47,782	**45,683**

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire on 18 November 2023 at which time it is expected the face-value costs to restore the premises will fall due.

Note 25. Issued capital

(a) Issued capital

	2023		2022	
	Number	$	Number	$
Ordinary shares - fully paid	723,214	723,214	723,214	723,214
Less: equity raising costs		(18,448)		(18,448)
	723,214	**704,766**	**723,214**	**704,766**

Ordinary shares are classified as equity.

Note 25. Issued capital (continued)

(b) Rights attached to issued capital

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.

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 208. As at the date of this report, the company had 213 shareholders (2022: 213 shareholders).

Note 25. Issued capital (continued)

(b) Rights attached to issued capital (continued)

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 his or her associates) have a prohibited shareholding interest, 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 26. Retained earnings

	Note	2023 $	2022 $
Balance at the beginning of the reporting period		47,459	6,447
Profit for the year after income tax		183,860	113,333
Dividends paid	31	(72,321)	(72,321)
Balance at the end of the reporting period		**158,998**	**47,459**

Note 27. Cash flow information

Reconciliation of cash flows from operating activities

	2023 $	2022 $
Profit for the year after income tax	183,860	113,333
Non-cash flows in profit		
- Depreciation	54,939	49,209
- Amortisation	99,633	87,451
- Net loss on disposal of property, plant & equipment	5,494	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(49,032)	(8,409)
- (Increase) / decrease in prepayments and other assets	(5,740)	(589)
- (Increase) / decrease in deferred tax asset	(18,448)	(310)
- Increase / (decrease) in trade and other payables	(28,372)	11,503
- Increase / (decrease) in current tax liability	35,158	2,478
- Increase / (decrease) in employee benefits	4,796	6,899
Net cash flows provided by operating activities	**282,288**	**261,565**

Note 28. Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2023 $	2022 $
Financial assets			
Trade and other receivables	13	175,052	126,020
Cash and cash equivalents	12	445,749	321,066
Term deposits	14	292,149	292,149
		912,950	**739,235**
Financial liabilities			
Trade and other payables	20	54,097	82,469
Franchise fee payable	21	-	14,082
Lease liabilities	22	29,306	96,728
		83,403	**193,279**

Note 29. Related parties

(a) Details of key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company. The only key management personnel identified for the company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key management personnel compensation

No Director of the company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

(c) Transactions with key management personnel and other related parties

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

No key management personnel or related party has entered into any contracts with the company.

(d) Key management personnel shareholdings

The number of ordinary shares in the company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(e) Other key management transactions

There has been no other transactions key management or related parties other than those described above.

Note 30. Auditor's remuneration

The appointed auditor of Macedon Ranges Community Enterprises Ltd for the year ended 30 June 2023 is Andrew Frewin Stewart. Amounts paid or due and payable to the auditor are outlined below.

	2023 $	2022 $
Audit and review services		
Audit and review of financial statements - Andrew Frewin Stewart	6,962	5,850
Total auditor's remuneration	**6,962**	**5,850**

Note 31. Dividends provided for or paid

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2023		2022	
	Cents	$	Cents	$
Fully franked dividend	10.00	72,321	10.00	72,321
Dividends provided for and paid during the year	**10.00**	**72,321**	**10.00**	**72,321**

The tax rate at which dividends have been franked is 25% (2022: 25%).

Note 32. Franking account balance

	2023 $	2022 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	92,088	80,136
Franking transactions during the financial year:		
- Franking credits arising from income taxes paid	41,316	36,059
- Franking debits from the payment of franked distributions	(24,107)	(24,107)
Franking credits available for future reporting periods	**109,297**	**92,088**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 33. Earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023 $	2022 $
Profit attributable to ordinary shareholders	183,860	113,333
	Number	Number
Weighted average number of ordinary shares	723,214	723,214
	¢	¢
Basic and diluted earnings per share	25.42	15.67

Note 34. Subsequent events

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the company's state of affairs.

Note 35. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 23. Details about any capital commitments are detailed in Note 17(c).

There were no contingent assets or liabilities at the date of this report that would have an impact on the financial statements.

	2023 $	2022 $
Commitments at reporting date		
Not otherwise provided for or disclosed in the financial statements:		
Sponsorships and Grants approved by the Board:		
Sponsorship of the Riddell District Football Netball League for 2023 and 2024	-	35,000
Macedon Tennis Club - Fencing	20,000	-
Cobaw Youth Space Project	96,893	-
Macedon Ranges Shire Council - Biolink Boost Grant	20,000	-
Macedon Ranges Music Festival	4,800	-
Gisborne Lions Club	6,000	-
Sponsorships	10,000	-
	157,693	**35,000**

Note 36. Company Details

The registered office of the company is:

Macedon Ranges Community Enterprises Ltd	11 Nexus Way, Gisborne VIC 3437

The principal place of business is:

Gisborne Branch	11 Nexus Way, Gisborne VIC 3437

Director's Declaration

For the year ended 30 June 2023

In accordance with a resolution of the directors of Macedon Ranges Community Enterprises Ltd, we state that:

In the opinion of the directors:

(a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001,* including:

(i) giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

This declaration is made in accordance with a resolution of the board of directors.

Dominic Andreacchio

Dominic Andreacchio
Chairman

Dated this 15th day of September, 2023