Annual Report 2023

Manningham Community Enterprises Limited

Community Bank
Doncaster East
and Templestowe Village

ABN 69 101 174 270

Contents

Chairman’s report

For year ending 30 June 2023

Banking is our business...community is our focus.

While we may have technically come through the harshest stages of the pandemic there is no doubt that the economic and community wellbeing impact is still rearing its ugly head. These ongoing impacts together with the cost of living increases we are seeing, is creating a perfect storm of issues with which Australians from all walks of life have to contend.

In last year’s annual report, I commented on the social need in Manningham, the continuing upward spiral of youth mental health and food insecurity issues. I am sorry to say that these issues have not been remedied but have actually been further exacerbated by the cost-of-living increases mentioned above.

In a year where historically low interest rates began to climb with a consequent slowing of lending demand particularly in the residential sphere, and where this slowing in demand was the catalyst for ever increasing competition in the market, we again found ourselves struggling for market share amidst this fierce competition.

Despite this struggle to maintain our level of business volume, we did see very moderate growth for the year with our total footings increasing by just $2.1 million with our lending portfolio reducing by $3.2 million whilst our deposit book grew by $5.3 million.

Two interest rate rises totaling 0.75% in the final two months of 2021/22 together with ten rate rises in 2022/23 totaling 3.25% had a very significant impact on our margin, fee and commission income with the total rising by $1.837 million from $2.649 million in 2021/22 to $4.486 million in this financial year despite business volume increasing by only $2.1 million.

This very significant increase in income resulted in our operating result for 2022/23 increasing from $280,645 to $1,357,221 with total revenue increasing by $1,859,260 despite the increase of only $2.1 million in our footings.

Expense management is an ongoing focus but the increased competition in the market which meant an increase in marketing costs, and an increase in our depreciation costs as a result of the refurbishment of Community Bank Doncaster East resulted in total expenses increasing by $201,554 or 9.5%.

The very significant increase in our operating result enabled us to provide substantial assistance to organisations such as Doncare, Onemda, MannaCare, Kevin Heinze Grow, Living & Learning @ Ajani, MC CareNet, and the Rotary Clubs of Manningham City and Doncaster to name just a few, all of whom provide direct support into the Manningham community.

The very strong financial result in 2022/23 has also allowed us to provide significant sponsorship contributions and Community Enterprise Foundation™ Grants during the year such that we took our total Sponsorship payments to $2.588 million and our Community Enterprise Foundation™ Grants to $2.458 million, a total of $5.046 million since our Doncaster East branch first opened in March of 2003.

While some of our focus was on increasing our contributions to community and to the Community Enterprise Foundation™ and at the same time improving our balance sheet with Total Equity increasing by $907,775 to $2,125,445, we also took the decision to make a strong statement to the community that, unlike other bank brands, we are here in the Manningham community for the long term.

We were able to re-negotiate leases on both branch properties such that we have options at Doncaster East that would take us to 2033 and to 2035 at Templestowe Village. Additionally, as a sign of long-term commitment to the Manningham community we undertook a very extensive renovation of Community Bank Doncaster East which is now a showpiece of the Jackson Court shopping precinct and a showpiece for the entire Community Banking sector.

Some re-branding work has also been undertaken at Templestowe Village and further investigation is underway to identify the remaining aspects of the re-branding required to bring Templestowe Village up to the full suite of current Bendigo Bank branding identification. This work is expected to be completed by October 2023.

The saying "our staff are our greatest asset" was never truer than for our company which has always been blessed with having a staffing group who continue to go above and beyond to ensure that our customers are provided with first class service that always meets or exceeds their expectations.

We say it every year, but it remains as true today as it ever has. The amazing commitment, professionalism, integrity, determination and compassion of our staff stands us head and shoulders above not just other banks but above most other businesses.

On behalf of all our stakeholders I thank and congratulate each and every one of them for their outstanding efforts over this past year!

It was only towards the end of the financial year that we became aware that our much loved and admired Senior Branch Manager, Paul Thompson was considering retirement after more than 20 years of incredible service to our company and the community of Manningham.

Paul, like all the staff, has always gone above and beyond for his customers and has earned the respect of all within the Community Banking sector. He will be sadly missed but we know that Lisa Jones who has subsequently been promoted to the Senior Branch Manager role will tackle it head-on and ensure that the legacy of impeccable service to our customers, left by Paul, will continue to be at the forefront of our branch persona.

Congratulations on an amazing career Paul and welcome to the new role Lisa!

Your Board

It is absolutely a recurring theme but yet again I have to express my admiration of all Board members without whom our company would just be run-of-the-mill as opposed to the outstanding Board of community leaders that we have at the helm of Manningham Community Enterprises Limited – your company!

The commitment, expertise, passion, dedication and professionalism rises to new levels each year and 2022/23 was no exception and is one of the reasons why our company is not just successful but is an outstanding example of what the Community Bank model can achieve.

My sincere appreciation goes to your 2022/23 Board of Directors – Geoff Roberts (Vice Chair), Ray Barrington, Rod Davitt (Treasurer), Nick Furlong (Retired during 2022/23), Max Chapman, Simon Lewis, Brad Dodemond, Deirdre Diamante and Victoria Paouros (Company Secretary).

Board Committees

As a member of all Board committees, I am fortunate to witness first-hand the expertise, dedication and professionalism of all of our Board members and support staff who give an extraordinary amount of their time to ensuring that all of our committees operate in a manner that can only be considered as best practice.

The Marketing Committee of Carly Kluge, Ray Barrington, Paul Thompson, Lisa Jones and led by Geoff Roberts has again been very pro-active in a time of immense and fierce competition where every opportunity to have our brand exposed to the maximum number of people is so essential to growth.

A large part of the Committee's focus this year was on supporting the re-development of Community Bank Doncaster East to ensure that the design features were not only operationally functional but were at the leading edge of design that would enhance the bank's marketability. A focus on the re-branding of Community Bank Templestowe Village was also uppermost on the priority list to ensure that our company was embracing the new livery developed by the Bendigo Bank for rollout throughout the network.

Opportunities to interact directly with our community partners over the past year increased and with the special skill set and expertise that Carly Kluge brings to our organisation, we were able to effectively re-launch our community visibility post the pandemic lockdowns of previous years.

Carly continued to provide our branches with a unique set of skills and expertise that we would otherwise be unable to access and on behalf of all Board members and staff, I thank her sincerely for her ongoing input to the growth and development of MCEL.

The Human Resources Committee of Geoff Roberts, Ray Barrington, Brad Dodemond, Paul Thompson and led by Simon Lewis continued to support our managers and staff to ensure that they are able to concentrate their efforts into the operational aspects of our business, knowing that the HR Committee was there to support them.

The Committee's commitment to ensuring that all HR policies and procedures were under constant review ensured that all Governance aspects of the operations of the Committee remained current throughout the year.

The Governance Committee of Victoria Paouros, Brad Dodemond, Nick Furlong (while still a Director of the company), Rod Davitt and led by Deirdre Diamante continued to ensure that the Governance Framework of MCEL was a rigorous one that provided a superb framework for the strategic leadership of the company during 2022/23 and into the future.

The Strategic Planning process together with the ongoing review of all MCEL policies was vital in making sure that all aspects of Governance were monitored, reviewed and revised where necessary to keep us at the leading edge of Governance rigour.

The Finance Committee of Geoff Roberts, Max Chapman and Paul Thompson, under the leadership of Rod Davitt and again supported by the expertise, commitment, professionalism and integrity of our Bookkeeper Pam Tremlett, has continued to add rigour to MCEL's financial stewardship.

Pam's accurate, timely and relevant financial reporting, analysis and advice to the Committee and the Board is an invaluable asset that ensures that the Board's decision making on financial matters is always undertaken with appropriate data. On behalf of all Board members and staff, I thank Pam for her wonderful commitment to MCEL.

The Youth Engagement Committee of Victoria Paouros, Brad Dodemond and Nick Furlong was again hampered by the slow recovery from the pandemic and the need for schools to concentrate on overcoming the aftereffects of the periods of lockdown.

Gaining traction at East Doncaster Secondary College (EDSC) will be done hand-in-hand with the Rotary Club of Manningham City and Manningham Council's Youth Advisory Committee as these organisations develop their youth strategies and make inroads to engaging with EDSC and other local schools at a Primary and Secondary level to establish programs aimed at addressing youth issues in a meaningful way.

We are here for YOU, and we are here for GOOD!

2022/23 was a very difficult year with interest rate rises across the majority of the year having a dampening impact on demand and in particular on residential property lending, but it did see an increase in demand for deposits with customers taking advantage of higher deposit interest rates.

Despite the quieter than anticipated year, we remain a business of $559 million and will continue to work hard to reach our ultimate goal of exceeding $1 billion and being the bank of choice in the Manningham community. We have relationships with our community partners that remain extremely strong and we continue to forge new relationships as people and organisations come to understand the benefits of the Community Bank model.

We continue to have very strong relationships at all levels of the Bendigo Bank and such is the strength of our entire team that a number of our Board members and support staff hold positions with the Bank, in addition to their local focus.

Our Board is committed to the Manningham community, and this was never more obvious than with the refurbishment of the Community Bank Doncaster East, the rebranding of Community Bank Templestowe Village together with our commitment to longevity in Manningham via the long-term lease renewals for both branch properties.

The decision to refurbish Doncaster East and do some minor upgrades at Templestowe Village in an ever-increasing world of digital banking was made to clearly recognise the needs of those who cannot or do not wish to access digital banking and that sometimes there simply must be a face-to-face banking alternative to the online world.

Chairman's report (continued)

Interest rate rises by the Reserve Bank across 2022/23 resulted in increased margins that positively affected our bottom line in 2022/23 but we also know that these margins will not be able to be maintained as term deposits are re-negotiated, other deposits are moved to take advantage of the higher rates and customers switch products to maximise their returns in this higher interest rate environment.

Your Board is committed to community and is aware that the best way to fulfill this commitment is to grow our business and to do this we all need to be out and about in the community and continuing to work tirelessly for your Community Bank.

All we ask of each and every one of you is that you help us to help both you and the community by taking every opportunity to advocate on behalf of **YOUR** Community Bank.

Finally, I once again want to acknowledge all of my fellow Board members, our incredible support staff of Carly and Pam and our branch staff as it is their hard work, expertise, enthusiasm, passion, commitment and professionalism that makes being a part of this amazing banking model one of life's true joys.

Ian Goldsmith
Chairman

Senior Manager's report

For year ending 30 June 2023

What a year of memorable milestones we experienced in our twentieth year of providing a full range of professional banking services to the people of Manningham and surrounding areas.

The major highlight of the year and indeed our history, was the complete refurbishment of our branch premises at Doncaster East. The extent of the works required the closure of Community Bank Doncaster East for eight weeks, during which time we operated out of our sister Community Bank branch at Templestowe Village. Harmony between all staff during this period ensured that the team became even closer than they already were. The finished premises are state of the art and the talk of both the Manningham community and Bendigo and Adelaide Bank.

The addition of a conference/meeting room which is available for use by all local community groups, clubs etc that support our business has created closer links for us to those groups and further enhances relationships that go beyond just banking. The large mural depicting the history of Doncaster and Templestowe is an addition that sparks enormous interest from everyone who walks through the front door. If you have not visited the new branch, please feel free to drop in as the team are proud of the end result and will gladly provide you with a tour.

The financial performance of the branch was positively impacted by the effects of interest rate rises with margin increases providing a profit boost that helped to offset business volume sluggishness.

As at the end of the fiscal year, total business under management at Community Bank Doncaster East stands at $346.9 million with total deposits of $224.5 million and lending of $122.4 million maintaining our excellent mix of business.

The greatest satisfaction obtained over the year is the continued return of funds to our community with our company now having contributed a total of $2.588 million in sponsorships and $2.458 million in Community Enterprise Foundation™ Grants to our community since our opening in 2003. With dividends being distributed significantly to residents of the Manningham community, the total financial benefit to the community now exceeds $7.315 million.

The above results would not be possible without the contributions of our outstanding staff, several of whom achieved memorable milestones of twenty, fifteen and ten years of service during 2022/23. They deserve individual recognition as they are a key driver of our business. To Lisa Jones, Catherine Dole, Tina O'Shea, Manjula Wijesiri (resigned during 2023), Marilyn Peters, Suganthi Ramalingam and Naina Sindwani (joined June 2023) a huge thank you for your personal and professional service to every one of our customers.

To our Board of Directors ably led by Chairman Ian Goldsmith, who work tirelessly to support both branches, I thank you for your support and providing a wonderful working environment for all staff.

Finally, I have decided to retire after twenty plus years of service to the community to enjoy the next stage of my life. I have thoroughly enjoyed the journey and the wonderful friendships I have made. I remain extremely proud to have worked for this organisation, achieving the financial results which have positively impacted on the local community. In leaving I ask that you please continue to spread the word to ensure that the people who live and work in our area, also conduct their banking with us, which in turn increases the wealth of our community.

Thank you and farewell.

Paul Thompson
Senior Manager

Manager's report – Templestowe Village

For year ending 30 June 2023

Community Bank Templestowe Village, which opened in December 2009 has experienced a wonderful journey of business growth and resultant support of the Manningham community.

This year provided many challenges. Regular interest rate rises and low consumer confidence coupled with staff shortages, all impacted on our performance.

In this environment, the branch staff of Lauren Bagala, Michelle Ellard, Kim Nihill, Danielle Puna and Suganthi Ramalingam are to be especially commended on their outstanding commitment to community, professionalism and customer service skills. It is their dedication that fosters the branch's ongoing success and long-term growth.

During this financial year, Community Bank Templestowe Village received a branding refresh which will align with our Community Bank Doncaster East and signal that our company is here to serve the Manningham community for the long term. Further refurbishments will take place in the 2023/24 financial year.

Business volume reduced by $4.3 million for the year which was a disappointing result but with rising interest rates coupled with significant competition in the market for deposits, the headwinds were against us.

The 2023/24 financial year will also be challenging however with the energy and enthusiasm of the branch team, led by Danielle Puna who was appointed as the Branch Manager in March 2023, we are in a strong position to continue to perform well in a continually challenging market.

We will continue to focus on engagement with our local community groups and organisations who are a major contributor to the success of the branch, whilst also seeking new opportunities.

As in past years, I thank the company's Board for their continued support, our community partners for promoting our products and services and most importantly our customers who we engage with daily and who know that we are here to serve them and ensure that their financial health and wellbeing is paramount in our interactions with them.

Please remember - the more our business grows, the greater financial return we can provide back to shareholders and the community.

I ask that you continue to spread the word.

Paul Thompson
Senior Manager

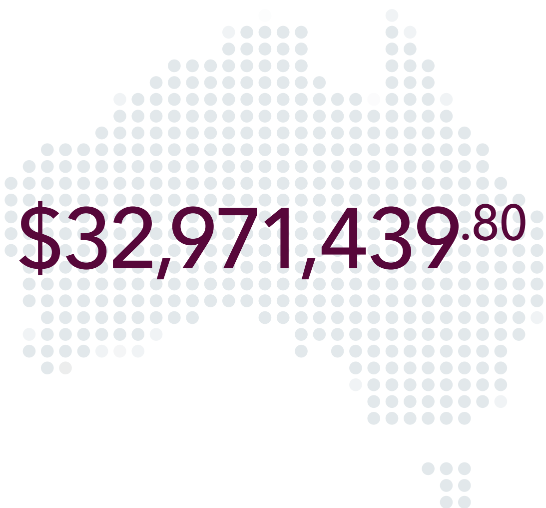
Local Community Contributions 2022-23

Manningham Community Enterprises Limited

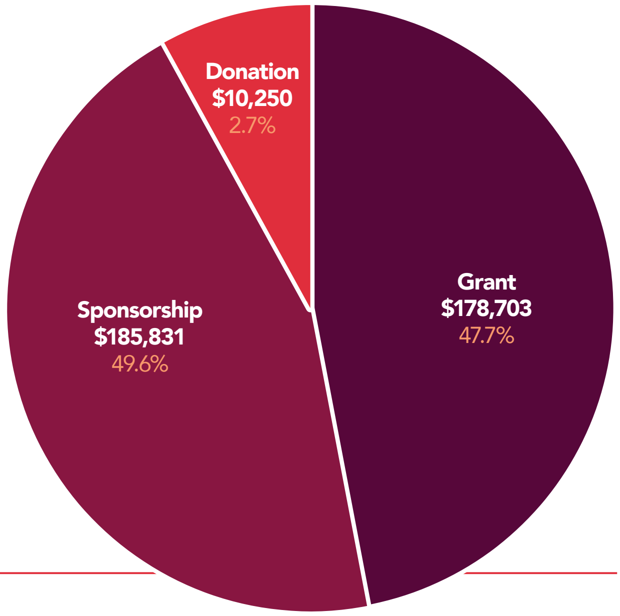
62
Projects Funded

$374,784
Total Value

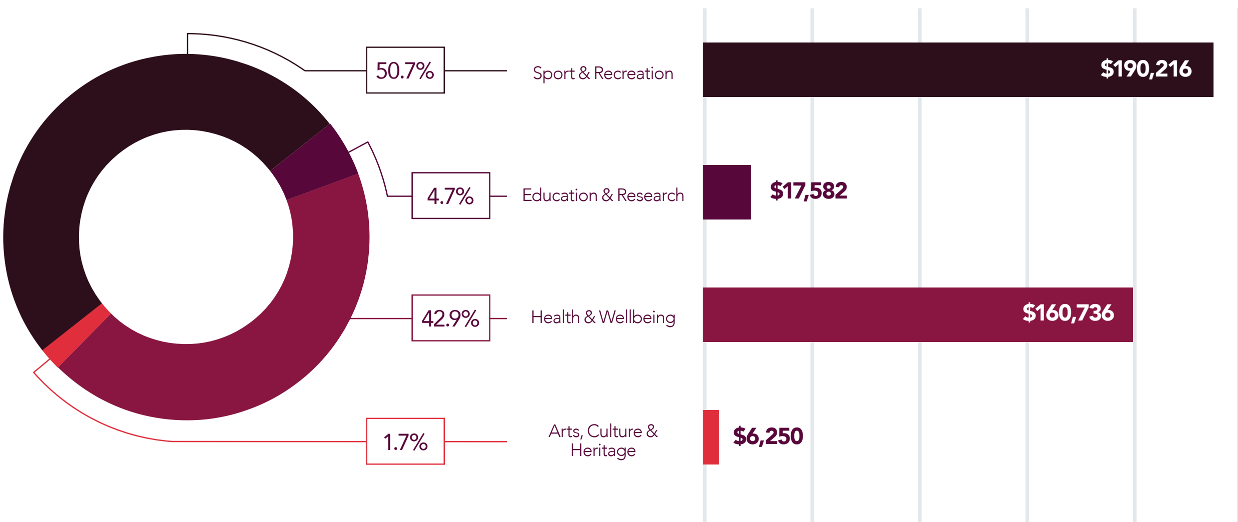
National Contribution



Total Investments by Kind



Total Investments by Sector

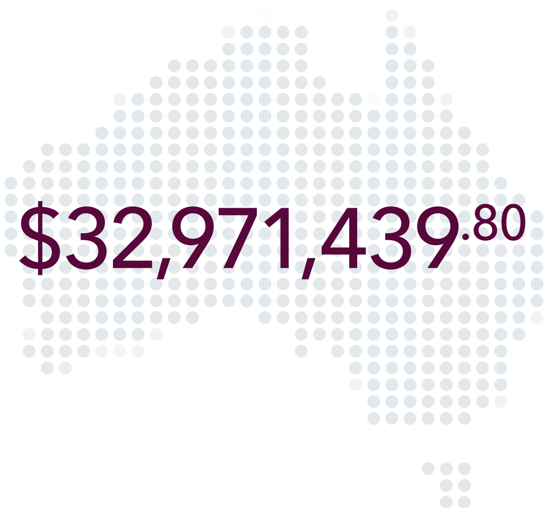


VIC Metro Community Contributions 2022-23

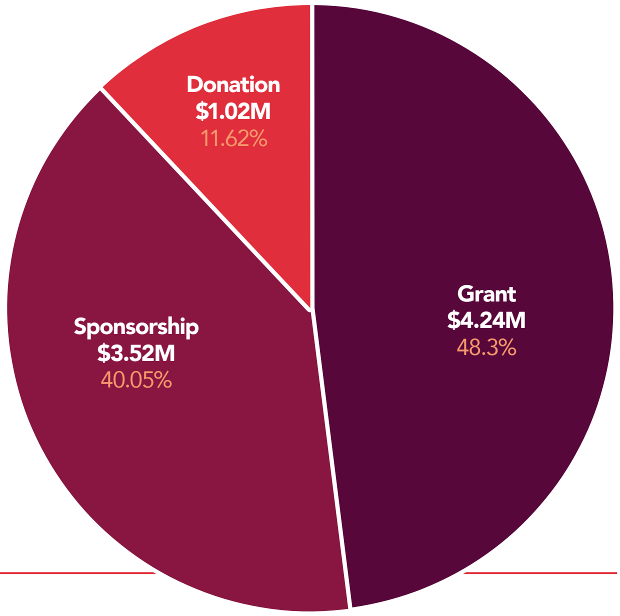
1421
Projects Funded

$8,780,060.52
Total Value

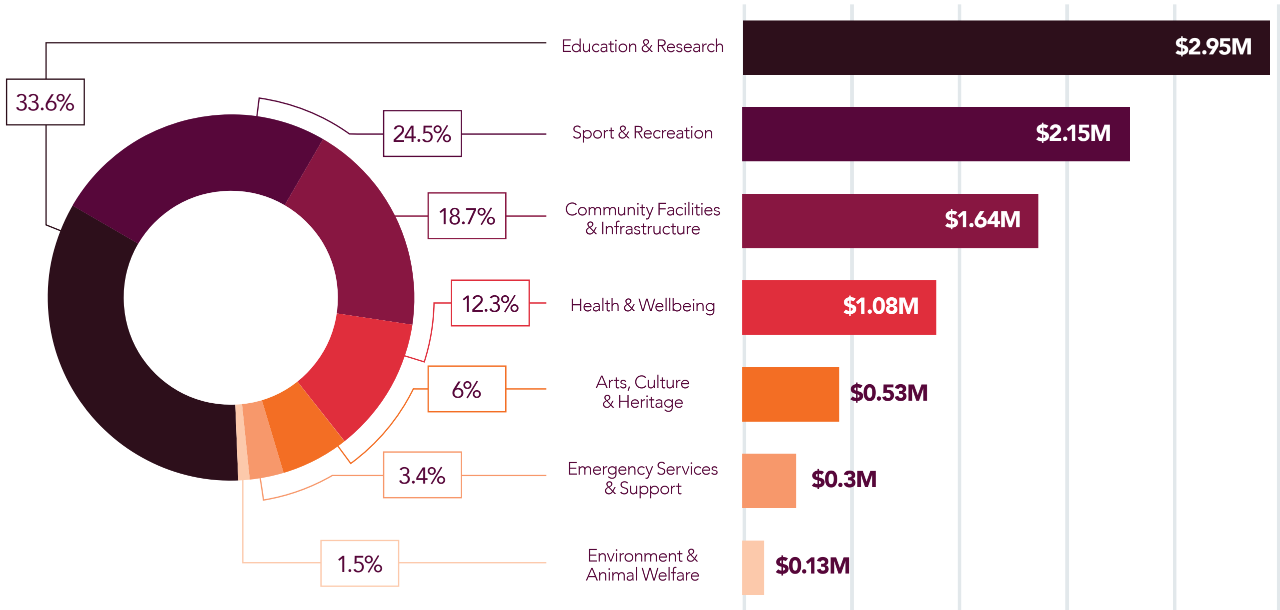
National Contribution



Total Investments by Kind



Total Investments by Sector



National Community Contributions 2022-23

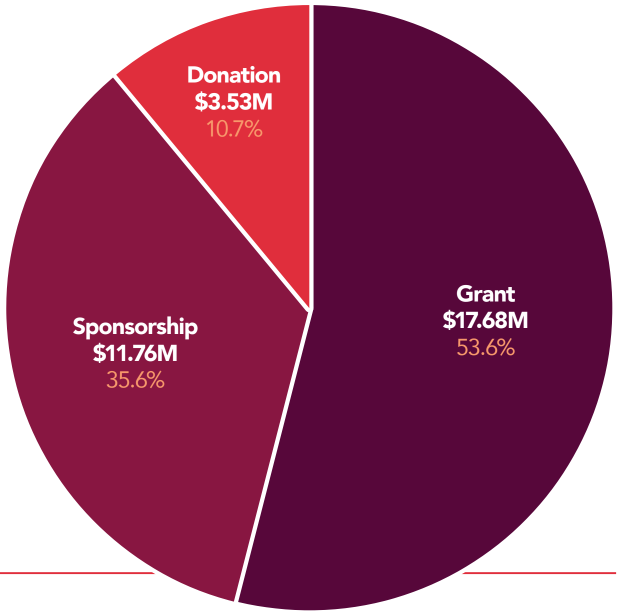
6215
Projects Funded

$32,971,439.80
Total Value

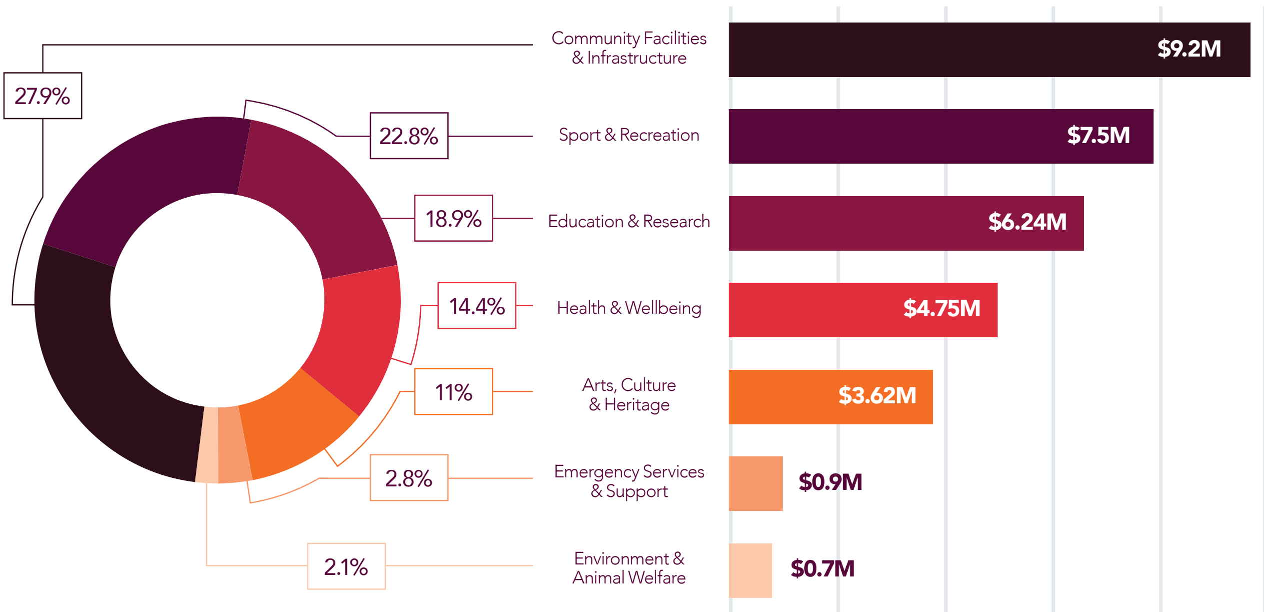
Total Investments by Region

Region	$ Sum Value
VIC Regional	9,609,483.83
VIC Metro	8,780,060.52
QLD	5,126,854.70
NSW/ACT	3,989,587.48
WA	2,923,770.04
SA	1,435,407.09
TAS	1,029,415.39
NT	76,860.75
Total	**32,971,439.80**

Total Investments by Kind



Total Investments by Sector



Making an impact in our local community

COMMUNITY
$5 million
over the past
21 years
INVESTMENT

The 2022/23 year saw the impressive refurbishment of the Doncaster East branch, as well as Manningham Community Enterprises Limited's significant contributions to a diverse range of clubs, sporting groups and charitable organisations through the grant and sponsorship programs. Pictured below is a snapshot of some project highlights.

▲ It was a privilege for the team to hand over the keys to this Mercedes refrigerated van to local charity CareNet – who provide fresh food and pantry items to emergency food relief providers across Manningham, Banyule and Nillumbik. MCEL donated the $100,000 van to ensure food remained fresh and took the burden off volunteers to use their own cars to transport fresh food.

▲ Over 50 guests joined the team for a Community Partners Night at the newly refurbished Doncaster East branch. The branch is available to use for events and meetings from our local community groups and is fitted with a drop-down projector, board table, full kitchen facilities and disabled access toilets.

▲ Tina from the Doncaster East branch presents a cheque to Dr Josh Fergeus from Kevin Heinze Grow for the Grow on the Go gardening project.

▲ Kellie Wishart of CareNet was awarded the Winner of the 2022 Ray Lord Community Award. Kellie is a tireless community member who consistently innovates for the betterment of the community.

▲ MCEL's strong support of Doncare continued throughout 2022/23 with the support on the Winter Warmth and Summer Cooling program, and significant contribution to the Youth Counselling Service provided by Doncare.

▶ Over 120 local heroes from the Manningham community joined the MCEL team at the Doncaster Bowling Club to distribute a staggering $464,686 to local community organisations.

Making an impact in our local community (continued)

▲ Kim was thrilled to present the Doncaster All Abilities Netball Club with a cheque to support their program. MCEL have supported the group since their inception in Manningham.

▲ Prize winner for the Doncaster Athletics Club Mile collecting her prize money!

▲ The face of the team from Monash Prostate Cancer Research team says it all! Chair Ian Goldsmith proudly presented the cheque for $30,000 which was raised at the Rotary Club Manningham City Golf Day 2023.

▲ Eryn Saunders of Bulleen was the inaugural recipient of the Jim Christie Scholarship, supporting local community-minded students with out-of-pocket expenses for their Univrsity or TAFE studies.

▲ MCEL Vice Chair Geoff and Chairman Ian were clearly outsized by Doncaster Baseball Club member Lachlan at the Presentation night.

▲ Staff team with MCEL Director and Manningham Mayor Deirdre Diamante at the opening of the Doncaster East branch.

▲ Michelle from the Templestowe Village Branch presents a defibrillator to be housed at Templestowe Reserve – home to Templestowe Cricket and Footy Clubs.

▲ Tina, Deirdre, Danielle and Manji enjoy the new surrounds of the Doncaster East branch.

▲ In December 2022 the Doncaster East branch re-opened looking better than ever. State of the art equipment, meeting spaces and disability friendly design has cemented our position in Jackson Court as an icon in the community.

▲ In 2023 the Onemda All Abilities Soccer Program was re-launched with new partner club the Manningham United Blues Football Club. Participants had a ball on the new pitch at Petty's Reserve where they were awarded participation medals.

▲ In 2022 the Community Bank Doncaster East and Templestowe Village became the official guernsey sponsor of the Beverley Hills Junior Football Club. Outgoing Club President Jim Pahos presented the team with the new look guernsey.

▲ The corner of Jackson Square and Doncaster Road has never looked better as the Community Bank Doncaster East proudly re-opened after an extensive refurbishment in 2022.

Making an impact in our local community (continued)

▲ The Doncaster Athletics Club hosts hundreds of athletes in both junior and senior levels.

▲ Manningham United Blues FC President Nick Raptopoulos hosted MCEL Vice Chair at the Club's President's Lunch. The club are home to over 800 players from mini-roos through to veterans.

▲ Templestowe Village Branch Manager Danielle Puna presents participants from Pines Learning's Skills to Return to Work program.

▲ Michelle from the Templestowe Village branch proudly presented the Doncaster Athletics Club with a cheque to replace all of their high jump equipment.

▲ Templestowe Village Branch Manager Danielle and Business Development Manager Sugi are proud to showcase the donations received for the 2023 CareNet Food Drive. Both branches housed boxes to accept donations for this essential service.

▲ MCEL have continued with the goal to ensure all community spaces are equipped with life-saving defibrillators, and Lauren was thrilled to provide one to the Manningham Christian Centre in Templestowe Village.

▲ In 2023 MCEL supported the Manningham Volunteer Expo – designed to connect volunteers with charitable organisations.

▲ The Donvale Tennis Club members are decked out with new club hoodies funded by the Community Bank Doncaster East and Templestowe Village.

▲ Local indigenous artist Robert Young was engaged to paint a mural on the exterior of the Doncaster East Branch. Following the theme of the mural at the Templestowe Village branch it features local animals including the beloved echidna.

▲ One of the focal points of the refurbishment in the Doncaster East branch is this historical mural- kindly supported by the Doncaster Templestowe Historical Society. The mural fills the wall behind the counter in Doncaster East.

Directors' report

For the financial year ended 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:

Ian Graham Goldsmith

Title:	Non-executive director
Experience and expertise:	Ian has over 45 years' experience in the hospital, aged care, ambulance and health insurance sectors in senior executive positions. He is a Certified Practising Accountant (CPA) and is the President and Treasurer of the Rotary Club of Manningham City, Treasurer of the Business Excellence Awards of Manningham, Treasurer of the Kind Cuts for Kids Foundation and has been a Rotarian for 24 years and a Board Member for 22 years.
Special responsibilities:	Chair of the board, Member of CEF Committee, Marketing Committee, Governance Committee, Finance Committee, Human Resources Committee, Youth Engagement Committee and Succession Planning Committee

Geoffrey Bruce Roberts

Title:	Non-executive director
Experience and expertise:	Geoff has had over forty years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles he also sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business studies and has attended many professional development programs over the years.
Special responsibilities:	Deputy Chair of the board. Chair of Marketing Committee, Member of Finance Committee and Succession Planning Committee

Victoria George Paouros

Title:	Non-executive director
Experience and expertise:	Victoria is currently employed as a Senior Analyst in the Australian Competition and Consumer Commission's Digital Platforms Branch. Victoria has been part of the MCEL team since she participated in the Company's Junior Observer Program in 2009. Since then, she has occupied a number of roles including; Minute Secretary, Company Secretary, Youth Engagement Committee Chair and Director. She holds a number of qualifications, including a Bachelor of Laws (Hons), an Advanced Diploma of Management (HR), a Diploma of Business, a Certificate IV in Training and Education and a Certificate in Governance Practice.
Special responsibilities:	Company Secretary. Member of Youth Engagement Committee and Governance Committee

Raymond Bruce Barrington

Title:	Non-executive director
Experience and expertise:	Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having run the family business for 20 years. He has been a Board Member of Mannacare from 2009 to present.
Special responsibilities:	Member of Human Resources Committee, Marketing Committee and Premises Committee

Colin Roderick Davitt

Title:	Non-executive director
Experience and expertise:	Rod brings extensive experience across a range of industries following more than 30 years working with leading Australian and international blue chip companies, including those in banking and finance. Rod's skill base includes corporate governance, accounting, business and strategic planning and risk management. He holds degrees in Business (Accounting) and Economics, is a Fellow of CPA Australia (FCPA) and a graduate of the Australian Institute of Company Directors (GAICD) and holds a Certificate in Governance Practice from the Governance Institute of Australia.
Special responsibilities:	Chair of Finance Committee, Member of Governance Committee

Simon David Lewis

Title:	Non-executive director
Experience and expertise:	Simon has developed extensive leadership and knowledge with over 25 years' experience in community health and disability sectors. As current CEO of a disability provider, Simon has had many roles focusing on forging strategic partnerships and developing relationships and opportunities with the tertiary sector, communities, governments and local enterprise to raise awareness and to enhance the valued status of people with a disability. In 2001, Simon was awarded the Ethel Tembley Study Scholarship, and in 2004 he completed a Graduate Diploma in Disability Studies (Leadership). In 2015, he was awarded with the Winston Churchill Fellowship which enabled him to undertake a study tour to Canada, USA and Peru. In 2023, Simon completed his Master of Business Management (Leadership & Innovation) at Ducere Global Business School and Torrens University. Simon has held various roles throughout his career on a range of local, regional and national advisory committees.
Special responsibilities:	Chair of Human Resources Committee, Member of Succession Planning Committee

Bradley Dodemond

Title:	Non-executive director
Experience and expertise:	Brad has over 12 years experience as a Human Resources professional both in Australia and North America. He currently works as a Senior Human Resources Business Partner at Eastern Health. He possesses a number of qualifications including a Master of Business Management (MBA), Master of Human Resources Management and a Bachelor of Business (Human Resources). Brad commenced his MCEL journey in January 2018 as part of the Company's inaugural Future Directors Program offered in partnership with La Trobe University.
Special responsibilities:	Chair of Youth Engagement Committee, Member of Human Resources Committee and Governance Committee

Deirdre Elizabeth Diamante

Title:	Non-executive director
Experience and expertise:	Deirdre Diamante is the founder and principal of MIA Consulting Services, a government advisory firm, providing procurement, probity and government advisory services to public and private sector clients. Deirdre serves as Co-Founder and Director of the #TechDiversity Foundation and serves on its Board. Deirdre is a councillor for Manningham City Council, elected in 2018.
Special responsibilities:	Chair of Governance Committee

Maxwell Chapman

Title:	Non-executive director
Experience and expertise:	Max has a Bachelor of Commerce, Graduate Diploma of Accounting, CPA. Retail, Franchising and Retail Property Consultant for 20 years specialising in Large Format Retail. Max has lived in Manningham for over 35 years, initially in Lower Templestowe, and now Donvale. He has been a Committee Member of Doncaster All Abilities Basketball Club for over 16 years and is currently the Treasurer. The Club provides a Basketball Competition for Children and Young Adults with an Intellectual Disability. The Club has over 300 participants ranging from those developing basis skills to those who have been able to represent Victoria and Australian at National International Competitions.
Special responsibilities:	Member of the Finance Committee

Nicholas Furlong

Title:	Non-executive director (resigned 14 November 2022)
Experience and expertise:	Nick currently works as a Governance and Risk Analyst in the superannuation industry and has developed robust knowledge of the legislation and prudential frameworks governing Australian financial services, as well as skills relating to business and strategic planning, funds management and investment governance. Nick commenced his journey with MCEL in 2014 as a Board Associate, assisting in the management of MCEL's Junior Observer Program and later Future Directors Program, whilst also sitting as a member of the Governance and Youth Engagement Committees. In addition to his professional experience, Nick also possesses a double bachelors degree in Business Management and Communications, and was a nominated attendee at the Rotary Youth Leadership Award, an intensive leadership development program for young people aged 18 - 30.
Special responsibilities:	Member of Governance Committee and Youth Engagement Committee

Company secretary

The Company secretary is Victoria George Paouros. Victoria was appointed to the position of Company secretary on 14 November 2013.

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 $1,015,798 (30 June 2022: $208,564).

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

Dividends

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

	2023 $
Fully franked dividend of 5 cents per share (2022: 8 cents)	108,023

Significant changes in the state of affairs

During the year the company completed a re-fit of the Doncaster East branch. The branch was overhauled with a fresh new look and design to become a 'Branch of the future', so the team can better serve the needs of customers, the wider community and local businesses. The new, contemporary design will also improve its functionality and the overall customer experience.

The company delisted from the National Stock Exchange (NSX) on 30 June 2023 and now operates a special market called a Low Volume Market (LVM) to facilitate the trading of its shares.

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 meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board		Finance		Human Resources	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Ian Graham Goldsmith	11	10	6	6	5	4
Geoffrey Bruce Roberts	11	11	6	5	5	4
Victoria George Paouros	11	8	-	-	-	-
Raymond Bruce Barrington	11	10	-	-	5	5
Colin Roderick Davitt	11	8	6	5	-	-
Simon David Lewis	11	8	-	-	5	5
Bradley Dodemond	11	11	-	-	5	1
Deirdre Elizabeth Diamante	11	8	-	-	-	-
Maxwell Chapman	11	10	6	6	-	-
Nicholas Furlong	4	3	-	-	-	-

Meetings of directors (continued)

	Marketing & Sponsorship		Governance	
	Eligible	Attended	Eligible	Attended
Ian Graham Goldsmith	10	7	3	3
Geoffrey Bruce Roberts	10	9	-	-
Victoria George Paouros	-	-	3	3
Raymond Bruce Barrington	10	9	-	-
Colin Roderick Davitt	-	-	3	2
Simon David Lewis	-	-	-	-
Bradley Dodemond	-	-	3	3
Deirdre Elizabeth Diamante	-	-	3	2
Maxwell Chapman	-	-	-	-
Nicholas Furlong	-	-	1	1

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 23 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Ian Graham Goldsmith	32,500	-	32,500
Geoffrey Bruce Roberts	5,000	-	5,000
Victoria George Paouros	-	-	-
Raymond Bruce Barrington	7,501	-	7,501
Colin Roderick Davitt	-	-	-
Simon David Lewis	-	-	-
Bradley Dodemond	-	-	-
Deirdre Elizabeth Diamante	-	-	-
Maxwell Chapman	-	-	-
Nicholas Furlong	-	-	-

Indemnity and insurance of directors and officers

The company has indemnified all directors, officers 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, officers or manager of the company except where the liability arises out of conduct involving the lack of good faith.

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

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

- all non-audit services have been reviewed by the Finance Committee 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

Ian Graham Goldsmith
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 Manningham Community Enterprises Limited

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

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

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

Joshua Griffin
Lead Auditor

Financial statements

Statement of profit or loss and other comprehensive income for the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	4,485,729	2,648,719
Other revenue		726	-
Finance revenue		25,498	3,974
Total revenue		**4,511,953**	**2,652,693**
Employee benefits expense	7	(1,256,592)	(1,296,111)
Advertising and marketing costs		(242,167)	(175,354)
Occupancy and associated costs		(68,145)	(56,451)
System costs		(70,591)	(62,714)
Depreciation and amortisation expense	7	(346,281)	(273,056)
Finance costs	7	(103,508)	(52,494)
General administration expenses		(238,217)	(207,767)
Total expenses before community contributions and income tax expense		**(2,325,501)**	**(2,123,947)**
Profit before community contributions and income tax expense		**2,186,452**	**528,746**
Charitable donations and sponsorships expense	7	(829,231)	(248,101)
Profit before income tax expense		**1,357,221**	**280,645**
Income tax expense	8	(341,423)	(72,081)
Profit after income tax expense for the year	**19**	**1,015,798**	**208,564**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**1,015,798**	**208,564**
		Cents	Cents
Basic earnings per share	27	47.02	9.65
Diluted earnings per share	27	47.02	9.65

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

Statement of financial position as at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	2,282,878	1,315,213
Trade and other receivables	10	406,352	256,924
Total current assets		**2,689,230**	**1,572,137**
Non-current assets			
Property, plant and equipment	11	881,472	161,117
Right-of-use assets	12	2,177,764	1,562,611
Intangible assets	13	125,991	17,681
Deferred tax assets	8	72,171	101,024
Total non-current assets		**3,257,398**	**1,842,433**
Total assets		**5,946,628**	**3,414,570**
Liabilities			
Current liabilities			
Trade and other payables	14	849,412	167,221
Lease liabilities	15	144,415	186,866
Current tax liabilities	8	247,811	33,881
Employee benefits	16	143,207	162,461
Total current liabilities		**1,384,845**	**550,429**
Non-current liabilities			
Trade and other payables	14	89,091	-
Lease liabilities	15	2,278,854	1,584,012
Employee benefits	16	9,642	9,863
Lease make good provision	17	58,751	52,596
Total non-current liabilities		**2,436,338**	**1,646,471**
Total liabilities		**3,821,183**	**2,196,900**
Net assets		**2,125,445**	**1,217,670**
Equity			
Issued capital	18	1,138,759	1,138,759
Retained earnings	19	986,686	78,911
Total equity		**2,125,445**	**1,217,670**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		1,138,759	43,184	1,181,943
Profit after income tax expense		-	208,564	208,564
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	208,564	208,564
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(172,837)	(172,837)
Balance at 30 June 2022		**1,138,759**	**78,911**	**1,217,670**
Balance at 1 July 2022		1,138,759	78,911	1,217,670
Profit after income tax expense		-	1,015,798	1,015,798
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	1,015,798	1,015,798
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(108,023)	(108,023)
Balance at 30 June 2023		**1,138,759**	**986,686**	**2,125,445**

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

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)		4,785,600	2,873,223
Payments to suppliers and employees (inclusive of GST)		(2,468,577)	(2,536,848)
Interest received		12,070	4,819
Income taxes paid		(98,640)	(91,144)
Net cash from operating activities	**26**	**2,230,453**	**250,050**
Cash flows from investing activities			
Payments for property, plant and equipment		(866,846)	(17,579)
Payments for intangibles assets		(26,997)	(27,104)
Net cash used in investing activities		**(893,843)**	**(44,683)**
Cash flows from financing activities			
Dividends paid	21	(108,023)	(172,837)
Repayment of lease liabilities	15	(260,922)	(254,421)
Net cash used in financing activities		**(368,945)**	**(427,258)**
Net increase/(decrease) in cash and cash equivalents		967,665	(221,891)
Cash and cash equivalents at the beginning of the financial year		1,315,213	1,537,104
Cash and cash equivalents at the end of the financial year	**9**	**2,282,878**	**1,315,213**

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

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Reporting entity

The financial statements cover Manningham Community Enterprises Limited (the company) as an individual entity.

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

Registered office	Principal place of business
900 - 902 Doncaster Road, Doncaster East VIC 3109	900 - 902 Doncaster Road, Doncaster East VIC 3109
	128 James Street, Templestowe VIC 3106

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.

Note 3. Significant accounting policies (continued)

Impairment

Non-derivative financial assets

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

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

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible 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. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

Recovery of deferred tax assets

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

Lease term

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in March 2028.

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

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

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

Note 5. Economic dependency (continued)

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

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	4,075,259	2,242,981
Fee income	165,441	123,760
Commission income	245,029	281,978
	4,485,729	**2,648,719**

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

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

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

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

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

Revenue calculation

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

Note 6. Revenue from contracts with customers (continued)

Margin

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

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.

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Expenses

Employee benefit expenses

	2023 $	2022 $
Wages and salaries	1,056,147	1,081,484
Non-cash benefits	15,000	15,000
Superannuation contributions	107,457	105,626
Expenses related to long service leave	6,290	18,590
Other expenses	71,698	75,411
	1,256,592	**1,296,111**

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	88,465	56,661
Plant and equipment	22,485	7,977
Motor vehicles	7,843	16,000
	118,793	**80,638**
Depreciation of right-of-use assets		
Leased land and buildings	**200,811**	**165,974**
Amortisation of intangible assets		
Franchise fee	4,446	4,407
Franchise renewal process fee	22,231	22,037
	26,677	**26,444**
	346,281	**273,056**

Finance costs

	2023 $	2022 $
Lease interest expense	101,154	49,958
Unwinding of make-good provision	2,354	2,536
	103,508	**52,494**

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	**34,795**	**28,911**

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 costs	229,231	198,101
Contribution to the Community Enterprise Foundation™	600,000	50,000
	829,231	**248,101**

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

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

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 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	312,570	84,654
Movement in deferred tax	28,853	(12,573)
Aggregate income tax expense	**341,423**	**72,081**
Prima facie income tax reconciliation		
Profit before income tax expense	**1,357,221**	**280,645**
Tax at the statutory tax rate of 25%	339,305	70,161
Tax effect of:		
Non-deductible expenses	2,118	1,920
Income tax expense	**341,423**	**72,081**

	2023 $	2022 $
Deferred tax assets		
Lease liabilities	605,818	442,720
Provision for lease make good	14,688	13,149
Employee provisions	38,212	43,081
Accrued expenses	1,375	1,076
Income accruals	(3,600)	(243)
Right-of-use assets	(544,441)	(390,653)
Property, plant and equipment	(39,881)	(8,106)
Deferred tax asset	**72,171**	**101,024**

	2023 $	2022 $
Provision for income tax	**247,811**	**33,881**

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

Note 8. Income tax (continued)

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	715,003	247,338
Term deposits	1,567,875	1,067,875
	2,282,878	**1,315,213**

Accounting policy for cash and cash equivalents

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

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	387,201	250,033
Accrued income	14,397	970
Prepayments	4,754	5,921
	19,151	6,891
	406,352	**256,924**

Accounting policy for trade and other receivables

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

Note 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	978,822	404,200
Less: Accumulated depreciation	(251,328)	(288,962)
	727,494	**115,238**
Plant and equipment - at cost	202,683	191,118
Less: Accumulated depreciation	(61,896)	(162,273)
	140,787	**28,845**
Motor vehicles - at cost	84,942	80,942
Less: Accumulated depreciation	(71,751)	(63,908)
	13,191	**17,034**
	881,472	**161,117**

Note 11. Property, plant and equipment (continued)

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	171,899	20,243	32,034	224,176
Additions	-	16,579	1,000	17,579
Depreciation	(56,661)	(7,977)	(16,000)	(80,638)
Balance at 30 June 2022	**115,238**	**28,845**	**17,034**	**161,117**
Additions	714,284	148,562	4,000	866,846
Disposals	(13,563)	(14,135)	-	(27,698)
Depreciation	(88,465)	(22,485)	(7,843)	(118,793)
Balance at 30 June 2023	**727,494**	**140,787**	**13,191**	**881,472**

Additions

During the financial year the company completed a re-fit at the Doncaster East branch.

Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	3 to 20 years
Plant and equipment	2 to 20 years
Motor vehicles	5 years

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

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

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

Changes in estimates

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

Note 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	4,389,126	3,573,163
Less: Accumulated depreciation	(2,211,362)	(2,010,552)
	2,177,764	**1,562,611**

Note 12. Right-of-use assets (continued)

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	387,949
Remeasurement adjustments	1,340,636
Depreciation expense	(165,974)
Balance at 30 June 2022	**1,562,611**
Remeasurement adjustments	815,964
Depreciation expense	(200,811)
Balance at 30 June 2023	**2,177,764**

Accounting policy for right-of-use assets

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

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

Refer to note 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 $	2022 $
Franchise fee	145,672	123,174
Less: Accumulated amortisation	(124,671)	(120,225)
	21,001	**2,949**
Franchise renewal fee	383,933	271,444
Less: Accumulated amortisation	(278,943)	(256,712)
	104,990	**14,732**
	125,991	**17,681**

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	7,356	36,769	44,125
Amortisation expense	(4,407)	(22,037)	(26,444)
Balance at 30 June 2022	**2,949**	**14,732**	**17,681**
Additions	22,498	112,489	134,987
Amortisation expense	(4,446)	(22,231)	(26,677)
Balance at 30 June 2023	**21,001**	**104,990**	**125,991**

Note 13. Intangible assets (continued)

Additions

During the financial year, Doncaster East and Templestowe franchise fees were renewed. Both are to be amortised over five years to March 2028.

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	March 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2028

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

Change in estimates

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

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	743,745	77,844
Other payables and accruals	105,667	89,377
	849,412	**167,221**
Non-current liabilities		
Other payables and accruals	**89,091**	**-**

Accounting policy for trade and other payables

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

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

Note 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	265,321	260,925
Unexpired interest	(120,906)	(74,059)
	144,415	**186,866**

Note 15. Lease liabilities (continued)

	2023 $	2022 $
Non-current liabilities		
Land and buildings lease liabilities	2,935,487	1,923,378
Unexpired interest	(656,633)	(339,366)
	2,278,854	**1,584,012**

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	1,770,878	624,053
Remeasurement adjustments	812,159	1,351,288
Lease interest expense	101,154	49,958
Lease payments - total cash outflow	(260,922)	(254,421)
	2,423,269	**1,770,878**

Maturity analysis

	2023 $	2022 $
Not later than 12 months	265,321	260,925
Between 12 months and 5 years	1,143,988	847,991
Greater than 5 years	1,791,499	1,075,387
	3,200,808	**2,184,303**

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
Templestowe Village branch	6.25%	5 years	2 x 5 years	Yes	March 2035
Doncaster East branch	4.29%	5 years	1 x 5 years	Yes	March 2033

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.

Note 15. Lease liabilities (continued)

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.

Remeasurement adjustments

The company revised the Templestowe Village branch lease agreement in the period which included adding 2 additional 5 year renewal options which have been assessed as reasonably certain to be exercised under AASB 16: leases. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the revised lease term end date of March 2035.

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	55,372	85,157
Long service leave	87,835	77,304
	143,207	**162,461**
Non-current liabilities		
Long service leave	**9,642**	**9,863**

Accounting policy for employee benefits

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

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

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 17. Lease make good provision

	2023 $	2022 $
Lease make good	**58,751**	**52,596**

Lease make good

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 leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Provisions
Templestowe Village Branch	March 2035	$40,000
Doncaster East Branch	March 2033	$60,000

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	1,185,461	1,185,461	1,185,461	1,185,461
Bonus shares - fully paid	975,000	975,000	-	-
Less: Equity raising costs	-	-	(46,702)	(46,702)
	2,160,461	**2,160,461**	**1,138,759**	**1,138,759**

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.

Note 18. Issued capital (continued)

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 346. As at the date of this report, the company had 340 shareholders (2022: 341 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 19. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	78,911	43,184
Profit after income tax expense for the year	1,015,798	208,564
Dividends paid (note 21)	(108,023)	(172,837)
Retained earnings at the end of the financial year	**986,686**	**78,911**

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 21. Dividends

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

	2023 $	2022 $
Fully franked dividend of 5 cents per share (2022: 8 cents)	**108,023**	**172,837**

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	216,000	182,468
Franking credits (debits) arising from income taxes paid (refunded)	98,640	91,144
Franking debits from the payment of franked distributions	(36,008)	(57,612)
	278,632	**216,000**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	278,632	216,000
Franking credits (debits) that will arise from payment (refund) of income tax	247,811	33,881
Franking credits available for future reporting periods	**526,443**	**249,881**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	401,598	251,003
Cash and cash equivalents	2,282,878	1,315,213
	2,684,476	**1,566,216**
Financial liabilities		
Trade and other payables	938,503	167,221
Lease liabilities	2,423,269	1,770,878
	3,361,772	**1,938,099**

Accounting policy for financial instruments

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

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

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

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

Correction of error

During the previous financial year the total for trade and other receivables incorrectly included an amount for prepayments. This has been restated to remove the prepayments.

Financial risk management

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rate. The company held cash and cash equivalents of $2,282,878 at 30 June 2023 (2022: $1,315,213).

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.

Note 22. Financial instruments (continued)

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.

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023				
Trade and other payables	849,412	89,091	-	938,503
Lease liabilities	265,321	1,143,988	1,791,499	3,200,808
Total non-derivatives	**1,114,733**	**1,233,079**	**1,791,499**	**4,139,311**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Trade and other payables	167,221	-	-	167,221
Lease liabilities	260,925	847,991	1,075,387	2,184,303
Total non-derivatives	**428,146**	**847,991**	**1,075,387**	**2,351,524**

Note 23. Key management personnel disclosures

The following persons were directors of Manningham Community Enterprises Limited during the financial year and up to the date of signing of these Financial Statements:

- Ian Graham Goldsmith
- Geoffrey Bruce Roberts
- Victoria George Paouros
- Raymond Bruce Barrington
- Colin Roderick Davitt
- Simon David Lewis
- Bradley Dodemond
- Deirdre Elizabeth Diamante
- Maxwell Chapman
- Nicholas Furlong

Compensation

Key management personnel compensation comprised the following.

	2023 $	2022 $
Short-term employee benefits	67,874	68,182
Post-employment benefits	7,126	6,818
	75,000	**75,000**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Note 24. Related party transactions

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

Note 25. Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year:

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	**7,035**	**6,700**
Other services		
Taxation advice and tax compliance services	1,813	1,695
General advisory services	5,100	3,221
Share registry services	4,885	4,271
	11,798	**9,187**
	18,833	**15,887**

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

	2023 $	2022 $
Profit after income tax expense for the year	1,015,798	208,564
Adjustments for:		
Depreciation and amortisation	346,281	273,056
Net loss on disposal of non-current assets	27,698	-
Lease liabilities interest	101,154	49,958
Change in operating assets and liabilities:		
Increase in trade and other receivables	(149,428)	(39,525)
Decrease/(increase) in deferred tax assets	28,853	(12,573)
Increase/(decrease) in trade and other payables	659,487	(252,676)
Increase/(decrease) in provision for income tax	213,930	(6,490)
Increase/(decrease) in employee benefits	(19,475)	27,201
Increase in other provisions	6,155	2,535
Net cash from operating activities	**2,230,453**	**250,050**

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	**1,015,798**	**208,564**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	2,160,461	2,160,461
Weighted average number of ordinary shares used in calculating diluted earnings per share	**2,160,461**	**2,160,461**

	Cents	Cents
Basic earnings per share	47.02	9.65
Diluted earnings per share	47.02	9.65

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Manningham Community Enterprises Limited by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

Directors' declaration

For the financial year ended 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

Ian Graham Goldsmith
Chair

31 August 2023

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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(03) 5443 0344

Independent auditor's report to the Directors of Manningham Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Manningham Community Enterprises Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Manningham Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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

Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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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

afsbendigo.com.au

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Bendigo Bank