Annual Report 2023

Maroondah Community Enterprises Limited

Community Bank
Ringwood East and Croydon

ABN 91 103 341 993

Contents

Chairman’s report

For year ending 30 June 2023

I am delighted to present my Chairman’s report for Maroondah Community Enterprises Limited, marking our 21st year of operation under the Bendigo Bank banner. It has been an eventful year filled with celebrations, challenges, and accomplishments.

Celebrating Our 20th Birthday: We kicked off the year with a grand celebration of our 20th birthday at the South Croydon Football Club. It was heartwarming to see over 130 people in attendance, including community groups, shareholders, and Bendigo Bank staff. We were treated to an afternoon of fantastic entertainment by Lisa Edwards and Mike Brady.

Exploring growth opportunities: The board remains committed to exploring opportunities for our future growth across the community.

Financial Highlights: Interest rates have been a hot topic this year. Homeowners have expressed concern about higher rates, while deposit customers have enjoyed the return of higher rates. Banks have seen record profits, and I’m proud to announce that this year, MCEL has achieved our highest profit in the last two decades. While we anticipate that margins will return to normal over the next 12-18 months, we remain financially strong.

Community Engagement: Bendigo Bank continues to be competitive in the home loan market, and we encourage you to refer yourselves, friends, and family to our lending team led by Katrina and Wade at either of our Community Bank branches in Ringwood East or Croydon . Your support has allowed us to provide over $3.3 million in community grants over the past 20 years.

Staff Appreciation: This year witnessed several staff members moving on, and I would like to extend our gratitude to Jade, Tony, Krystal, and Naomi for their dedicated service to the branch. We are pleased to welcome Daniel to our team, who has already demonstrated his passion for our staff, customers, lending, and community.

Our staff are the cornerstone of our success, continually upskilling to serve customers better. I extend my heartfelt thanks to all our staff for their tireless efforts this year.

Community Hub: Our community hub is once again open for business, providing space for meetings and gatherings. Additionally, our bus and BBQ trailer are available for hire. Please contact the branch to secure these facilities for your events.

Acknowledgements and Farewells: I’d like to acknowledge the hard work of our staff, the dedication of our board and sub-committees, and extend a warm welcome to Daniel and Wade as they participate in their first MCEL AGM. Unfortunately, we bid farewell to two important board members this year: Arthur Cocoris, who has served for nearly two decades, and Rhonda Gailey, who has decided to resign due to her busy work commitments.

Get Involved: If you are interested in becoming involved in our sub-committees or the board, please do not hesitate to reach out to us. Your engagement and input are highly valued.

Partnership and Thanks: I would also like to express our gratitude to Darryl Ellis, our Regional Manager at Bendigo Bank, and our other partners who represent the bank. We are fortunate to have their support.

Looking Ahead: In closing, I am pleased to report that we find ourselves in a strong financial position, allowing us to carefully plan our next phase of growth and community investment programs.

Thank you all for your continued support, and here’s to another successful year ahead.

Sincerely,

Stuart Greig
Chairman

Senior Manager's report

For year ending 30 June 2023

This year I am extremely grateful to have the opportunity to contribute to my first Annual Report in the capacity of Acting Senior Manager.

As most of you would be aware, during the financial year Jade Mainwaring made the decision to take on a new challenge outside of banking, and as sad as we were to see her go, we were also excited for her.

But every cloud has a silver lining, and I was delighted to be given the opportunity to step up from my normal role and lead the team into the future.

Overall, we went from strength to strength during the financial year, facing the many challenges that all businesses do these days, but fortunately we had lots to celebrate at the end of it. Some key highlights from the team included Ringwood East's cosmetic refurbishment, bringing the branch in line with the banks current branding and bringing it to life from the street. Over at Croydon, which already looks fantastic, they had an amazing year taking out the FY22/23 Regional Manager's award as an up-and-coming branch.

However, the biggest cause for celebration came when Maroondah Community Enterprises Limited celebrated its 20-year anniversary. We wouldn't have gotten this far without the support of our shareholders, customers, community, directors, and staff (both past and present) – so a huge thank you to you all.

Financially, the overall branch footings this year went backwards approximately $4.4 million, closing at just over $415 million, with Bendigo Bank having a strategy that focused on retaining profitable business, rather than winning business at all costs. We would expect this strategy to continue into the next financial year, as while we want to ensure that Community Bank Ringwood East and Croydon grow our footings, we must be fully committed to acting commercially to ensure we continue to deliver value back to our shareholders and community, especially in the face of a competitive interest rate environment.

Finally, as much as I have enjoyed my time at the helm, I am ready to hand over the reigns as we capped off the financial year by finding our new, permanent Senior Manager, Daniel Dakic. For those that haven't met Daniel, he comes to us having worked across a few different areas of the Bendigo Bank over the past nine years, with stints as a Retail Lending Manager, Branch Manager and Regional Manager. Daniel has a customer-centric attitude and focuses on looking after his staff so that they can look after their customers. Being a local, he will quickly fit in with our community.

We are in safe hands with Daniel, and I can't wait to work with him as we plot a new course together and continue to drive this business to bigger and better things.

Thank you again for all your support during the financial year.

Katrina Guthrie
Senior Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2023

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

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

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

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

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

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

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

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

Warm regards

Sarah Franklyn
CBNC Chair

Directors' report

For the financial year ended 30 June 2023

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

Directors

The directors of the company who held office during the financial year and to the date of this report are:

Stuart Robert Greig

Chairman

Occupation: Real Estate Agent

Qualifications, experience and expertise: Stuart has been the Chairman of the company since inception and is actively involved in community activities including the Ringwood East Traders Association. Stuart has worked in the real estate & building industry for 30 years and is on the sponsorship committee of Norwood Football Club.

Special responsibilities: Chair of Special Projects Committee, Marketing Committee and HR Committee

Interest in shares: NIL

Christopher Henry Monaghan

Deputy Chairman

Occupation: Circulation Manager

Qualifications, experience and expertise: Chris has extensive experience in the media industry managing Operations, Sales and Distribution Divisions. He has managed large scale projects and large teams of people to achieve positive results. For many years Chris also ran a Management Consultancy business working with state and local Government. Locally Chris has worked with MCEL to assist in establishing the Heathmont branch and continues to be involved in local sporting clubs.

Special responsibilities: Deputy Chairman and Chair of Nominations Committee

Interest in shares: 500

William Pirie Sutherland

Director

Occupation: Retired

Qualifications, experience and expertise: Bill has recently retired as a Financial Controller having previously been in banking for 29 years and a retail owner for 13.5 years. He holds a degree in Banking (ABIA) and has been involved in both local Lions and Rotary Clubs for 18 years. Current member of the Probus Club, Lilydale.

Special responsibilities: Special Projects and Marketing Committees

Interest in shares: 10,000

Anthony Morris Hart

Director

Occupation: Company Director

Qualifications, experience and expertise: Tony is a Cafe / Restaurant owner for the past 5 years and a Bakers Delight owner in Heathmont for the past 18 years. His previous experience includes a senior position with National Australia Bank for over 30 years. A commissioned officer with the Australian Defence Force, full time and reserve for 15 years. He is currently the Vice President of the Ringwood Chamber of Commerce and a member of Heathmont Lions Club.

Special responsibilities: HR Sub Committee and Nominations Committee

Interest in shares: 1,000

Arthur Michael Corcoris

Director

Occupation: Manager / Director

Qualifications, experience and expertise: Arthur was one of the founding director's of the company and has been involved in the local community of Ringwood for over 42 years and Heathmont for 9 years through ownership of supermarket businesses. Arthur is the proprietor of the Local IGA Supermarkets in Ringwood East and Heathmont, overseeing the running of the businesses to supply to the local community the best products and especially locally produced and manufactured goods at the best price.

Special responsibilities: Major Developments Committee

Interest in shares: 40,002

Matthew Mark Cannon

Treasurer and Secretary

Occupation: Certified Practising Accountant

Qualifications, experience and expertise: Matthew is a Certified Practising Account, Registered Tax Agent and holds a Masters in Applied Finance. He has held senior finance positions within listed corporate companies and also has experience in business service advisory and virtual CFO consulting in the small and medium business services industry.

Special responsibilities: Chair of Finance Committee & Treasurer

Interest in shares: Nil

Rhonda Gailey

Director

Occupation: Manager Corporate Development

Qualifications, experience and expertise: Rhonda is a business professional with all-round management experience within the accounting and health & medical device sectors. She recently completed her Masters of Business Administration from Deakin University and also holds a Graduate Diploma in Accounting (Monash University) and a BA (LaTrobe University). Rhonda and her family are active locals of the Heathmont and wider communities.

Special responsibilities: None

Interest in shares: Nil

Daryl Leslie Minter

Director (appointed 13 February 2023)

Occupation: General Manager/Migration

Qualifications, experience and expertise: Daryl's journey has taken him through multi-national and ASX-listed enterprises, as well as private businesses across a diverse array of sectors, including rail, construction, retail, distribution, agriculture, transport, and the digital realm.

Special Responsibilities: None

Interest in Shares: Nil

Company Secretary

The company secretary is Matthew Mark Cannon. Matthew was appointed to the position of secretary on 9 March 2017.

Principal activity

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

There have been no significant changes in the nature of these activities during the financial year.

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Stuart Robert Greig	-	-	-
Christopher Henry Monaghan	500	-	500
William Pirie Sutherland	10,000	-	10,000
Anthony Morris Hart	1,000	-	1,000
Arthur Michael Corcoris	40,002	-	40,002
Matthew Mark Cannon	-	-	-
Rhonda Gailey	-	-	-
Daryl Leslie Minter (appointed 13 February 2023)	-	-	-

Review of Operations

The profit for the company after providing for income tax amounted to $1,194,149 (30 June 2022: $202,864)

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

Dividends

	Year ended 30 June 2023	
	Cents	$
Dividends:		
- Fully Franked Dividends provided for and paid in the year	5.00	90,406

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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.

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 29 to the financial statements. This statement excludes a benefit included in the aggregare amount of emoluments received or due and receivable by the 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.

Indemnity and insurance of directors and officers

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

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

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related 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.

Meetings of directors

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

	Board Meetings Attended	
	E	A
Stuart Robert Greig	9	9
Christopher Henry Monaghan	9	9
William Pirie Sutherland	9	6
Anthony Morris Hart	9	8
Arthur Michael Corcoris	9	4
Matthew Mark Cannon	9	8
Daryl Leslie Minter	5	5
Rhonda Gailey	9	3

E - eligible to attend
A - number attended

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.*

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 28 to the accounts.

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

- all non-audit services have been reviewed by the board of directors to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- 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.

Signed in accordance with a resolution of the directors at Ringwood East, Victoria.

Staurt Robert Greig,
Chair

13 October 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 Maroondah Community Enterprises Limited

As lead auditor for the audit of Maroondah 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: 13 October 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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	8	3,334,588	1,940,591
Other revenue	9	16,890	14,064
Finance revenue	10	25,437	2,579
Total revenue		**3,376,915**	**1,957,234**
Employee benefit expenses	11c)	(1,107,629)	(1,052,962)
Advertising and marketing costs		(26,722)	(6,555)
Occupancy and associated costs		(65,418)	(78,429)
Systems costs		(43,292)	(52,558)
Depreciation and amortisation expense	11a)	(174,545)	(152,077)
Finance costs	11b)	(10,323)	(17,717)
General administration expenses		(186,382)	(212,537)
Gains/(losses) on disposal of non-current assets	12	-	4,234
Total expenses before community contributions and income tax		**(1,614,311)**	**(1,568,601)**
Profit before community contributions and income tax expense		**1,762,604**	**388,633**
Charitable donations and sponsorships expense		(167,450)	(116,673)
Profit before income tax expense		**1,595,154**	**271,960**
Income tax expense	13a)	(401,005)	(69,096)
Profit after income tax expense		**1,194,149**	**202,864**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**1,194,149**	**202,864**
Earnings per share		¢	¢
- Basic and diluted earnings per share:		66.04	11.22

The accompanying notes form part of these financial statements

Statement of financial position
as at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	14a)	2,894,544	1,514,623
Trade and other receivables	15a)	361,275	248,033
Current tax assets	19a)	-	31,331
Total current assets		**3,255,819**	**1,793,987**
Non-current assets			
Property, plant and equipment	16a)	1,081,040	1,112,182
Right-of-use assets	17a)	212,847	242,863
Intangible assets	18a)	13,285	34,368
Deferred tax asset	19b)	81,107	82,529
Total non-current assets		**1,388,279**	**1,471,942**
Total assets		**4,644,098**	**3,265,929**
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	103,722	123,367
Current tax liabilities	19a)	344,553	-
Lease liabilities	21a)	94,603	101,787
Employee benefits	23a)	105,244	124,609
Total current liabilities		**648,122**	**349,763**
Non-current liabilities			
Lease liabilities	21b)	118,768	146,736
Employee benefits	23b)	8,236	3,265
Provisions	22a)	49,512	50,448
Total non-current liabilities		**176,516**	**200,449**
Total liabilities		**824,638**	**550,212**
Net assets		**3,819,460**	**2,715,717**
EQUITY			
Issued capital	24a)	1,073,286	1,073,286
Retained earnings	25	2,746,174	1,642,431
Total equity		**3,819,460**	**2,715,717**

The accompanying notes form part of these financial statements

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		1,073,286	1,520,932	2,594,218
Total comprehensive income for the year		-	202,864	202,864
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30	-	(81,365)	(81,365)
Balance at 30 June 2022		**1,073,286**	**1,642,431**	**2,715,717**
Balance at 1 July 2022		1,073,286	1,642,431	2,715,717
Total comprehensive income for the year		-	1,194,149	1,194,149
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	30	-	(90,406)	(90,406)
Balance at 30 June 2023		**1,073,286**	**2,746,174**	**3,819,460**

The accompanying notes form part of these financial statements

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		3,558,387	2,104,842
Payments to suppliers and employees		(1,919,390)	(1,654,422)
Interest received		19,483	2,832
Lease Payments not included in the measurement of lease liabilities		(15,733)	(23,964)
Rent received		11,704	9,104
Income taxes paid		(23,699)	205
Net cash provided by operating activities	**26**	**1,630,752**	**438,597**
Cash flows from investing activities			
Payments for property, plant and equipment		(23,261)	(69,805)
Payments for intangible assets		(25,621)	(25,621)
Net cash used in investing activities		**(48,882)**	**(95,426)**
Cash flows from financing activities			
Repayment of lease liabilities	21	(111,543)	(112,179)
Dividends paid	30	(90,406)	(81,365)
Net cash used in financing activities		**(201,949)**	**(193,544)**
Net cash increase in cash held		**1,379,921**	**149,627**
Cash and cash equivalents at the beginning of the financial year		1,514,623	1,364,996
Cash and cash equivalents at the end of the financial year	**14a)**	**2,894,544**	**1,514,623**

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2023

Note 1 Reporting entity

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

Registered Office	**Principal Place of Business**
Level 3 175 Maroondah HWY	62 RAILWAY AVENUE
RINGWOOD VIC 3134	RINGWOOD EAST VIC 3135

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

Note 2 Basis of preparation and statement of compliance

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. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

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

Note 3 Changes in accounting policies, standards and interpretations

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

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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

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

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

Note 4 Summary of significant accounting policies (continued)

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 Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services.

The revenue earned by the company is dependent on the business that it generates. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

- Interest paid by customers on loans less interest paid to customers on deposits
- plus 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.

b) Other revenue

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

Note 4 Summary of significant accounting policies (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also “Market Development Fund” or “MDF” income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

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

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

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

c) Economic dependency - Bendigo Bank

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 February 2024.

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

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

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

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

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 4 Summary of significant accounting policies (continued)

d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages 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 wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

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.

e) Taxes

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

Current income tax

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

Deferred tax

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

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

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

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

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

Goods and Services Tax

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

Note 4 Summary of significant accounting policies (continued)

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

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

f) Cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

g) Property, plant and equipment

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

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

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

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

Asset class	Method	Useful life
Building	Straight-line	40 years
Leasehold improvements	Straight-line	over the lease term
Plant and equipment	Straight-line and diminishing value	2 to 10 years
Furniture, fixtures and fittings	Straight-line and diminishing value	2 to 10 years
Motor vehicles	Straight-line	3 to 8 years

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

h) Intangible assets

Intangible assets of the company 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
Franchise establishment fee	Straight-line	Over the franchise term (5 years)
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

i) Financial instruments

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

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

Note 4 Summary of significant accounting policies (continued)

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

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

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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.

k) Issued capital

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

l) Provisions

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

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

m) Leases

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

As a lessee

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

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

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

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

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

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

Short-term leases and leases of low-value assets

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

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

Note 5 Significant accounting judgements, estimates, and assumptions

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

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

Note	Judgement
- Note 21 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

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

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

Note	Assumptions
- Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
- Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
- Note 23 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
- Note 22 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 Financial risk management

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

Risk management is carried out directly by the board of directors.

a) Credit risk

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

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

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. 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 flows amounts are gross and undiscounted.

30 June 2023		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	213,371	94,603	118,768	-
Trade payables	16,248	16,248	-	-
	229,619	**110,851**	**118,768**	**-**

30 June 2022		Contractual cash flows		
Non-derivative financial liability	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Lease liabilities	248,523	109,708	155,153	-
Trade payables	16,525	16,525	-	-
	265,048	**126,233**	**155,153**	**-**

Note 6 Financial risk management (continued)

c) Market risk

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The company has no exposure to any transactions denominated in a currency other than Australian dollars.

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest.

The company held cash and cash equivalents of $2,894,544 at 30 June 2023 (2022: $1,514,623).

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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.

Note 7 Capital management

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

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

The distribution limit is the greater of:

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

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2023 can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 8 Revenue from contracts with customers

	2023 $	2022 $
- Margin income	3,052,609	1,653,586
- Fee income	108,957	110,053
- Commission income	155,522	156,952
- Market development fund	17,500	20,000
	3,334,588	**1,940,591**

Note 9 Other revenue

	2023 $	2022 $
- Rental income	11,704	9,104
- Other income	5,186	4,960
	16,890	**14,064**

Note 10 Finance revenue

	2023 $	2022 $
- Term deposits	25,437	2,579
	25,437	**2,579**

Finance income is recognised when earned using the effective interest rate method.

Note 11 Expenses

a) Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets:		
- Buildings	18,224	18,224
- Leasehold improvements	20,912	19,358
- Plant and equipment	14,533	15,068
- Motor vehicles	735	735
	54,404	**53,385**
Depreciation of right-of-use assets		
- Leased land and buildings	97,033	77,458
	97,033	**77,458**
Amortisation of intangible assets:		
- Franchise fee	3,183	3,182
- Establishment fee	6,912	6,912
- Franchise renewal process fee	10,987	11,140
- Franchise renewal adjustment	2,026	-
	23,108	**21,234**
Total depreciation and amortisation expense	**174,545**	**152,077**

b) Finance costs

	2023 $	2022 $
- Lease interest expense	8,144	15,964
- Unwinding of make-good provision	2,100	1,753
- Interest Expense	79	-
	10,323	**17,717**

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

Note 11 Expenses (continued)

c) Employee benefit expenses

	2023 $	2022 $
Wages and salaries	933,521	874,099
Non-cash benefits	1,639	-
Contributions to defined contribution plans	92,237	84,545
Expenses related to long service leave	(1,862)	10,333
Other expenses	82,094	83,985
	1,107,629	**1,052,962**

d) Recognition exemption

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

	2023 $	2022 $
Expenses relating to low-value leases	**15,733**	**23,964**

Note 12 Gains/(losses) on disposal of non-current assets

	2023 $	2022 $
- (Gain)/Loss on disposal of property, plant and equipment	**-**	**(4,234)**

Note 13 Income tax expense

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

a) Amounts recognised in profit or loss

	2023 $	2022 $
Current tax expense/(credit)		
- Current tax	399,583	71,935
- Recoupment of prior year tax losses	-	(50,319)
- Movement in deferred tax	1,422	47,480
	401,005	**69,096**

b) Prima facie income tax reconciliation

	2023 $	2022 $
Operating profit before taxation	1,595,154	271,960
Prima facie tax on profit/(loss) from ordinary activities at 25% (2022: 25%)	398,789	67,990
Tax effect of:		
- Non-deductible expenses	2,216	1,106
- Temporary differences	(1,422)	(47,480)
- Movement in deferred tax	1,422	47,480
	401,005	**69,096**

Note 14 Cash and cash equivalents

a) Cash and cash equivalents

	2023 $	2022 $
- Cash at bank and on hand	371,710	261,272
- Term deposits	2,508,947	1,239,601
- Bank Guarantee	13,887	13,750
	2,894,544	**1,514,623**

Note 15 Trade and other receivables

a) Current assets

	2023 $	2022 $
Trade receivables	305,011	201,135
Prepayments	27,604	27,495
Other receivables and accruals	28,660	19,403
	361,275	**248,033**

Note 16 Property, plant and equipment

a) Carrying amounts

	2023 $	2022 $
Land		
At cost	**285,000**	**285,000**
Buildings		
At cost	728,952	728,952
Less: accumulated depreciation	(189,131)	(170,907)
	539,821	**558,045**
Leasehold improvements		
At cost	387,192	383,006
Less: accumulated depreciation	(249,326)	(228,415)
	137,866	**154,591**
Plant and equipment		
At cost	307,900	288,825
Less: accumulated depreciation	(190,313)	(175,780)
	117,587	**113,045**
Motor vehicles		
At cost	103,531	103,531
Less: accumulated depreciation	(102,765)	(102,030)
	766	**1,501**
Total written down amount	**1,081,040**	**1,112,182**

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

Note 16 Property, plant and equipment (continued)

b) Reconciliation of carrying amounts

	2023 $	2022 $
Land		
Carrying amount at beginning	**285,000**	**285,000**
Buildings		
Carrying amount at beginning	558,045	576,268
Depreciation	(18,224)	(18,223)
	539,821	**558,045**
Leasehold improvements		
Carrying amount at beginning	154,591	166,923
Additions	4,187	7,664
Depreciation	(20,912)	(19,996)
	137,866	**154,591**
Plant and equipment		
Carrying amount at beginning	113,045	116,734
Additions	19,075	10,742
Depreciation	(14,533)	(14,431)
	117,587	**113,045**
Motor vehicles		
Carrying amount at beginning	1,501	2,236
Depreciation	(735)	(735)
	766	**1,501**
Total written down amount	**1,081,040**	**1,112,182**

c) Changes in estimates

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

Note 17 Right-of-use assets

a) Carrying amounts

	2023 $	2022 $
Leased land and buildings		
At cost	627,381	560,365
Less: accumulated depreciation	(414,534)	(317,502)
Total written down amount	**212,847**	**242,863**

b) Reconciliation of carrying amounts

Leased land and buildings		
Carrying amount at beginning	242,863	679,531
Remeasurement adjustments	67,017	(359,210)
Depreciation	(97,033)	(77,458)
Total written down amount	**212,847**	**242,863**

Note 18 Intangible assets

a) Carrying amounts

	2023 $	2022 $
Franchise fee		
At cost	26,812	26,812
Less: accumulated amortisation	(24,805)	(21,621)
	2,007	**5,191**
Franchise establishment fee		
At cost	21,000	21,000
Less: accumulated amortisation	(16,645)	(9,733)
	4,355	**11,267**
Franchise renewal process fee		
At cost	119,057	119,057
Less: accumulated amortisation	(112,134)	(101,147)
	6,923	**17,910**
Total written down amount	**13,285**	**34,368**

b) Reconciliation of carrying amounts

Franchise fee		
Carrying amount at beginning	5,191	8,373
Amortisation	(3,183)	(3,182)
	2,007	**5,191**
Franchise establishment fee		
Carrying amount at beginning	11,267	18,179
Amortisation	(6,912)	(6,912)
	4,355	**11,267**
Franchise renewal process fee		
Carrying amount at beginning	17,910	28,880
Amortisation	(10,987)	(10,970)
	6,923	**17,910**
Total written down amount	**13,285**	**34,368**

c) Changes in estimates

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

Note 19 Tax assets and liabilities

a) Current tax

	2023 $	2022 $
Income tax payable/(refundable)	**344,553**	**(31,331)**

Note 19 Tax assets and liabilities (continued)

b) Deferred tax

	2023 $	2022 $
Deferred tax assets		
- employee provisions	28,370	31,969
- make-good provision	12,378	13,040
- lease liability	56,049	48,017
- property, plant and equipment	56,913	34,279
Total deferred tax assets	**153,710**	**127,305**
Deferred tax liabilities		
- property, plant and equipment	19,391	-
- right-of-use assets	53,212	44,776
Total deferred tax liabilities	**72,603**	**44,776**
Net deferred tax assets (liabilities)	**81,107**	**82,529**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**1,422**	**47,480**

Note 20 Trade creditors and other payables

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

a) Current liabilities

	2023 $	2022 $
Trade creditors	16,248	16,525
Other creditors and accruals	87,474	106,842
	103,722	**123,367**

Note 21 Lease liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date.

The 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 company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in calculations
Ringwood East Branch	7.25%	1 year	3 x 1 years	Yes - 1 x 1 No - 2 x 1	October 2024
Croydon Branch	3.54%	3 years	1 x 3 years	Yes	October 2026

Note 21 Lease liabilities (continued)

a) Current lease liabilities

	2023 $	2022 $
Property lease liabilities	102,775	109,708
Unexpired interest	(8,172)	(7,921)
	94,603	**101,787**

b) Non-current lease liabilities

	2023 $	2022 $
Property lease liabilities	123,393	155,153
Unexpired interest	(4,625)	(8,417)
	118,768	**146,736**

c) Reconciliation of lease liabilities

	2023 $	2022 $
Balance at the beginning	248,523	711,075
Remeasurement and disposal adjustments	68,247	(366,337)
Lease interest expense	8,144	15,964
Lease payments - total cash outflow	(111,543)	(112,179)
	213,371	**248,523**

d) Maturity analysis

	2023 $	2022 $
- Not later than 12 months	102,775	109,708
- Between 12 months and 5 years	123,393	155,153
Total undiscounted lease payments	**226,168**	**264,861**
Unexpired interest	(12,797)	(16,338)
Present value of lease liabilities	**213,371**	**248,523**

Note 22 Provisions

a) Non-current liabilities

	2023 $	2022 $
Make-good on leased premises	**49,512**	**50,448**

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 which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provision
Ringwood East Branch	October 2024	$39,060
Croydon Branch	October 2026	$15,800

Note 23 Employee benefits

a) Current liabilities

	2023 $	2022 $
Provision for annual leave	47,186	59,718
Provision for long service leave	58,058	64,891
	105,244	**124,609**

b) Non-current liabilities

Provision for long service leave	**8,236**	**3,265**

c) Key judgement and assumptions

Employee attrition rates

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

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

Note 24 Issued capital

a) Issued capital

	2023		2022	
	Number	$	Number	$
Ordinary shares - fully paid	1,808,118	1,148,109	1,808,118	1,148,109
Less: equity raising costs	-	(74,823)	-	(74,823)
	1,808,118	**1,073,286**	**1,808,118**	**1,073,286**

b) Rights attached to issued capital

Ordinary shares

<u>Voting rights</u>

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.

<u>Dividends</u>

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).

Note 24 Issued capital (continued)

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 386. As at the date of this report, the company had 366 shareholders (2022: 365 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 25 Retained earnings

	2023 $	2022 $
Balance at beginning of reporting period	1,642,431	1,520,932
Net profit after tax from ordinary activities	1,194,149	202,864
Dividends provided for or paid	(90,406)	(81,365)
Balance at end of reporting period	**2,746,174**	**1,642,431**

Note 26 Reconciliation of cash flows from operating activities

	2023 $	2022 $
Net profit after tax from ordinary activities	1,194,149	202,864
Adjustments for:		
- Depreciation	151,437	130,843
- Amortisation	23,108	21,234
- Rent	-	3,948
- (Profit)/loss on disposal of non-current assets	-	(4,097)

Note 26 Reconciliation of cash flows from operating activities (continued)

	2023 $	2022 $
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(103,932)	35,115
- (Increase)/decrease in other assets	(11,114)	6,444
- Increase/(decrease) in trade and other payables	12,093	14,471
- Increase/(decrease) in deferred tax assets	1,422	47,480
- Increase/(decrease) in employee benefits	(14,395)	9,873
- Increase/(decrease) in provisions	2,100	1,753
- Increase/(decrease) in tax liabilities	375,884	(31,331)
Net cash flows provided by operating activities	**1,630,752**	**438,597**

Note 27 Financial instruments

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

	Note	2023 $	2022 $
Financial assets			
Trade and other receivables	15	333,671	220,538
Cash and cash equivalents	14	371,710	261,272
Term deposits	14	2,508,947	13,750
		3,214,328	**495,560**
Financial liabilities			
Trade and other payables	20	16,248	16,525
Lease Liabilities	20	213,371	248,523
		229,619	**265,048**

Note 28 Auditor's remuneration

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

	2023 $	2022 $
Audit and review services		
- Audit and review of financial statements	8,000	5,600
Non audit services		
- General advisory services	300	5,215
- Share registry services	5,147	4,703
Total auditor's remuneration	**13,447**	**15,518**

Note 29 Related parties

a) Details of key management personnel

The directors of the company who held office during the financial year and to the date of this report are:

Stuart Robert Greig
Christopher Henry Monaghan
William Pirie Sutherland
Anthony Morris Hart
Arthur Michael Corcoris
Matthew Mark Cannon
Rhonda Gailey
Daryl Leslie Minter

b) Key management personnel compensation

	2023 $	2022 $
Key management personnel compensation comprised the following.		
Short-term employee benefits	31,493	31,130
Post-employment benefits	391	320
	31,884	**31,450**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment defined contribution plan.

c) Related party transactions

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

	2023 $	2022 $
Transactions with related parties		
- Greig Real Estate Pty Ltd, a company associated with Stuart Robert Greig, supplied services or goods to the value of:	15,000	15,000
- Focus Financial Group Pty Ltd, a company associated with Matthew Mark Cannon, supplied services or goods to the value of:	38,380	35,680
- Pauls IGA, a company associated with Arthur Michael Corcoris, supplied services or goods to the value of:	-	3,839
	53,380	**54,519**

Note 30 Dividends provided for or paid

a) Dividends provided for and paid during the period

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

	30 June 2023		30 June 2022	
	Cents	$	Cents	$
Fully franked dividend	5.00	90,406	4.50	81,365
Total dividends provided for and paid during the financial year	**5.00**	**90,406**	**4.50**	**81,365**

The tax rate at which dividends have been franked is 25%.

Note 30 Dividends provided for or paid (continued)

b) Franking account balance

	2023 $	2022 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	867,068	894,395
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded)	23,699	(205)
- Franking debits from the payment of franked distributions	(30,135)	(27,122)
Franking account balance at the end of the financial year	**860,632**	**867,068**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	344,553	(31,331)
Franking credits available for future reporting periods	**1,205,185**	**835,737**

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

Note 31 Earnings per share

a) Based and diluted earnings per share

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

	2023 $	2022 $
Profit attributable to ordinary shareholders	**1,194,149**	**202,864**

	Number	Number
Weighted-average number of ordinary shares	**1,808,118**	**1,808,118**
Basic and diluted earnings per share	**66.04**	**11.22**

Note 32 Commitments

a) Other commitments

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

Note 33 Contingencies

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

Note 34 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Directors' declaration

For the financial year ended 30 June 2023

In accordance with a resolution of the directors of Maroondah Community Financial Services Limited, we state that:

In the opinion of the directors:

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

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

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

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

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

Staurt Robert Greig
Chair

13 October 2023

Independent audit report

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Maroondah Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Maroondah 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 Maroondah 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
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 October 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank