Annual Report 2023

Mission Beach Community Enterprises Limited

Community Bank
Mission Beach

ABN 15 129 575 560

Contents

Chair's report

For year ending 30 June 2023

Introduction

I am pleased to provide this report to Mission Beach Community Enterprises Limited (MBCEL) shareholders for the financial year 2022-23. The audited financial statements in this Annual Report record an after-tax profit for the company of $199,000. The year was characterised by continued change on the Board and in the branch, as well as the celebration of a significant 15-year trading anniversary for our Community Bank.

Financial Matters

This is by far the strongest annual result for MBCEL since the branch commenced trading in 2008, attributable to improved economic conditions, good work by branch staff and prudent decisions by the Board. With the Covid-19 pandemic behind us, governments and the Reserve Bank of Australia corrected their respective fiscal and monetary policies in the face of rapidly increasing inflation, driving interest rates higher.

As the margin income from lending products is a significant source of income for MBCEL, the string of interest rate increases drove strong revenue growth for the company during FY23. After several years of very low interest rates, this was a welcome change for our company's operating position and for returns to deposit holders, if not for those with variable rate mortgages, or those actively seeking finance.

Following the scheduled reduction in Marketing Development Fund (MDF) contributions from Bendigo Bank in 2022-23, MBCEL were advised by Bendigo Bank during this year that MDF contributions would cease altogether on 30 June 2023. Going forward, all expenditure on local marketing and advertising and the delivery of our local community grants program will need to be earned and provided for, by MBCEL alone.

During FY22-23, MBCEL made $11,288 in donations and sponsorships to local organisations, clubs and events, in support of the Mission Beach community. This was an increase from the previous year, as the community emerged after a quiet period during the Covid-19 pandemic. The strong revenue growth experienced by the company last year also saw MBCEL discharge all borrowings from our balance sheet.

Due to the strong financial position of the company, the Board resolved to invest in the branch. Safety and security have been improved by a significant investment in our CCTV network and the external livery of the branch on both the building and our ATM has been refreshed to meet Bendigo Bank's current requirements. After due diligence, the Board also took important decisions to renew our lease and franchise agreement.

The Board

FY 22-23 again saw several changes to the MBCEL Board. Gurbindar Singh (September 2022), Jael Napper (December 2022) and Peter Hall (June 2023) tendered their resignations. We welcomed Anita Morton (March 2023) and Kerry Nolan (June 2023) to the Board. The Board and MBCEL are very fortunate indeed to retain the services of Kelly Cavallaro as our very experienced and capable Company Secretary.

Although there has been significant change on the Board in recent years, your Directors are focused on consolidating the financial position of the company and providing a strong platform for long-term growth and community benefit. The Board also regularly considers our strategic position and is monitoring developments in the wider banking and financial services sector, particularly in the Cassowary Coast Region.

Chair’s report (continued)

The Branch

Having commenced as Branch Manager in September 2022, sadly, Colin Fogleman resigned and returned to Melbourne in May 2023. Late in 2022, Colin and his partner announced the happy news they were expecting their first child. However, as a result, the young couple made the decision to move back to Melbourne ahead of the due date, to be nearer both their families. We wish them well as they start their own family.

Colin certainly bought a youthful energy, enthusiasm and optimism to the role and we were disappointed to see him leave. Fortunately, the Board was delighted to subsequently appoint Stefanie Raiti as our new Branch Manager. Stef is our longest serving employee and her promotion to Branch Manager is recognition of her hard work and the confidence both the Board and her fellow team members have in her skills.

I know Stef is looking forward to leading the branch and continuing to meet the needs of our customers. Following Stef’s promotion, in July the branch welcomed Roslyn Butcher as our new Customer Relationship Manager. Ros comes to the role with extensive local banking experience, enhancing the capacity of our team. Emily Kelly resigned in February 2023 and Kathy Sheahan commenced work in the same month.

Conclusion

In view of the strong result for FY23, the Board has declared a dividend to shareholders of 3 cents per share, unfranked, as well as a 2 cents per share special dividend. Taken together, this is a fivefold increase in the dividend from FY22 and from any previous declared dividend. This reflects the significantly improved performance of the company.

Although business conditions have improved, our Board is mindful of the cyclical nature of the economy and we intend to continue to make prudent decisions, with a view to the long-term stability of the company. I thank our shareholders for their support of MBCEL.

Yours Sincerely,

Andrew Cripps
Chair
Mission Beach Community Enterprises Ltd

Manager's report

For year ending 30 June 2023

I am proud to have become the Branch Manager for such a great business.

I have been a long-standing local residing in Feluga for the past 22 years. I have a large background in management in the retail sector, having worked for a large retail group in Cairns and Townsville. I also have had experience of owning my own florist business locally for over 10 years in Tully. Being a business owner locally has shown me how important customer service is and what an amazing town we reside in.

I commenced my career with Community Bank five years ago, starting as a Customer Service Officer in 2018 with the Community Bank Cardwell Branch. I then took on the role as a Customer Relationship Manager with the Community Bank Mission Beach. When the opportunity to apply for the Branch Manager came up this year, I felt the timing was right for me to lead the business and take on the role.

We have had some staff changes in our branch, I feel now we have a great local team and are working in unison to achieve great things in Mission Beach. Local ladies Nicole Hogan and Kathy Sheahan as our customer service officers in branch, and our new local Roslyn Butcher our home lender. Their experiences and love for the Community Bank model are supported by our commitment to provide each and every customer with great service and finding the right product solutions for them.

One of the things that I truly love about working for a Community Bank is that at the heart of all our business decisions is "how can we give back to our community"? The Bendigo Bank Community Bank Model has now returned over $320 million in community contributions throughout the country and this year celebrated 25 years.

Our Community Bank is one of growth and to support the community including our shareholders whom made the branch opening possible and continue to support us.

This year we marked our 15th year anniversary for Community Bank Mission Beach. This was a wonderful proud moment to be able to share with our local Mission Beach community. We are looking forward to the future and with local support we will be able to achieve great things.

Lastly, I would really like to thank our Community Bank Board members for their support and encouragement during the year. The branch would not be the success that it is without the selfless hard work that goes into running a Community Bank Board. Our Chairperson Andrew Cripps and Secretary Kelly Cavallaro deserve an extra mention as they have been tireless in their commitment. Together they have been a great support to the branch and the Community.

We are all looking forward to a positive year of growth for our business and Community.

Thank you for all your support.

Stefanie Raiti
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

Directors' report

30 June 2023

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

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

Name:	Andrew Peter Cripps
Title:	Non-executive director
Experience and expertise:	Member for Hinchinbrook (Queensland Parliament) 2006 - 2017. Minister for Natural Resources and Mines (QLD) 2012 - 2015. Councillor Hinchinbrook Shire Council 2018 - present. Deputy Mayor Hinchinbrook Shire Council 2020 - present. B Ecom/BA (Hons), JP (Qual), GAICD, Consultant and Contractor. Other current directorships: Hinchinbrook Shire Council Representative, Lower Herbert Water Management Authority. Former directorships: Page Research Centre Ltd.
Special responsibilities:	Chair. Audit and Risk Committee.

Name:	Maria Paz Ribbeck Donoso
Title:	Non-executive director
Experience and expertise:	Maria actively works with cane and banana growers in Tully by providing support in the implementation of farming practices that will help them conform with environmental regulations associated to water quality entering the GBR, this is part of Canegrowers and the Wet Tropics Major Integrated Project initiatives. Maria holds a bachelor's degree in Agricultural Resource Management and Engineering, as well as a diploma in Agribusiness from Pontificia Universidad Católica de Chile, ranked one of the best Universities in Latin America. Part of her degree was completed at the renowned University of California, Davis USA. In the past she has represented growers and fresh produce export companies from South America in England and Holland. Maria has extensive experience holding diverse managerial positions in Sales, Business Development and more recently as a Division Manager at one of the major Australian fresh produce corporations. Currently managing two small family businesses in the industries of building and housing. Co-author of a research paper that studies the potential for water quality credit trading run by Griffith University. As part of her current role Maria has been granted funding to develop a theatre piece that will facilitate the understanding of difficult science topics, she has undertaken the role of the play writer as well. Maria is a member of the Mission Beach & Burgundy Club. She greatly enjoys her time living in Mission Beach and engaging with such vibrant community.
Special responsibilities:	Nil.

Name:	Anita Elspeth Morton
Title:	Non-executive director (appointed 27 February 2023)
Experience and expertise:	Anita has worked in the Finance Industry for 40 years. She had her own business for 12 years. Past member QCWA. Current workplace Health and Safety Advisor.
Special responsibilities:	Nil.

Name:	Kerry Allan Nolan
Title:	Non-executive director (appointed 2 June 2023)
Experience and expertise:	CPA qualified accountant with 10 years of work experience from small business up to large corporate. Living at Mission Beach for the last 8 years and looking to contribute to the fantastic community I have called home. Presently employed in the local area in the rile of accountant for a large company.
Special responsibilities:	Treasurer.

Name:	Peter Vernon Hall
Title:	Non-executive director (resigned 1 June 2023)
Experience and expertise:	35 years owning business in IT, food and business coaching.
Special responsibilities:	Nil.

Name:	Jael Katherine Napper
Title:	Non-executive director (resigned 20 January 2023)
Experience and expertise:	Jael has 15 years' experience in public relations specialising in television where she managed publicity for programs with Network Ten and Foxtel. In London, Jael was head of media for PR agency The Television Consultancy, culminating in her own communications consultancy in Australia with clients such as Dreamworld and Endemol productions. Jael moved to Broome where she was appointed Chief Executive Officer of the Broome Chamber of Commerce and Industry, and sat on the executive of the Western Australian Regional Chambers of Commerce. With her husband and three sons, Jael moved to Mission Beach in 2020.
Special responsibilities:	Marketing Committee.

Name:	Gurbinder Singh
Title:	Non-executive director (resigned 20 January 2023)
Experience and expertise:	Gurbindar is a results-focused executive who has extensive experience in managing finances and brings experience from customer interactions, exposure to information technology and management expertise to aid decision-making processes. He is a Certified Practicing Accountant with qualifications including a Bachelor of Arts degree (Accounting and Financial Management, Information Services) and a Master of Business Administration. After commencing his accounting career in a financial institution in Fiji, Gurbindar and his family emigrated to Australia. He has subsequently held various roles within the Queensland Local Government sector. He is a member of Local Government Managers Australia (Queensland).
Special responsibilities:	Nil.

Company secretary

The Company Secretary is Kelly Cavallaro. Kelly was appointed to the position of Company secretary on 10 September 2021.

Experience and expertise:	Accountant and Director of KLP Taxation Pty Ltd, her own practice. Kelly is a Fellow of the Institute of Public Accountants with over 15 years experience in both public practice and corporate accounting roles. She has a Master's in Business Administration (Finance) and is well known in the Mission Beach area and is actively involved in many community groups.

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 $199,000 (30 June 2022: loss of $2,794).

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

Dividends

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

	2023 $
Unfranked dividend of 1 cents per share (2022: 1 cents)	8,750

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

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

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

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

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

	Board	
	Eligible	Attended
Andrew Peter Cripps	13	13
Maria Paz Ribbeck Donoso	13	4
Anita Elspeth Morton	5	2
Kerry Allan Nolan	1	1
Peter Vernon Hall	12	10
Jael Katherine Napper	6	4
Gurbinder Singh	6	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.

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
Andrew Peter Cripps	1,000	-	1,000
Maria Paz Ribbeck Donoso	-	-	-
Anita Elspeth Morton	-	-	-
Kerry Allan Nolan	-	-	-
Peter Vernon Hall	-	-	-
Jael Katherine Napper	-	-	-
Gurbinder Singh	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 to the accounts.

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

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

Andrew Cripps
Chair

22 September 2023

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Mission Beach Community Enterprises Limited

As lead auditor for the audit of Mission Beach 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: 22nd September 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Financial statements

Mission Beach Community Enterprises Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	706,203	443,128
Other revenue	7	25,625	32,500
Finance revenue		175	26
Total revenue		732,003	475,654
Employee benefits expense	8	(278,200)	(303,139)
Advertising and marketing costs		(1,950)	(3,512)
Occupancy and associated costs		(22,187)	(18,358)
System costs		(14,123)	(15,412)
Depreciation and amortisation expense	8	(57,003)	(59,435)
Finance costs	8	(9,762)	(8,491)
General administration expenses		(72,157)	(64,707)
Total expenses before community contributions and income tax expense		(455,382)	(473,054)
Profit before community contributions and income tax expense		276,621	2,600
Charitable donations and sponsorships expense		(11,288)	(6,082)
Profit/(loss) before income tax (expense)/benefit		265,333	(3,482)
Income tax (expense)/benefit	9	(66,333)	688
Profit/(loss) after income tax (expense)/benefit for the year	21	199,000	(2,794)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		199,000	(2,794)
		Cents	**Cents**
Basic earnings per share	29	22.74	(0.32)
Diluted earnings per share	29	22.74	(0.32)

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

Mission Beach Community Enterprises Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	169,868	-
Trade and other receivables	11	49,471	31,492
Financial assets	12	8,913	8,738
Total current assets		228,252	40,230
Non-current assets			
Property, plant and equipment	13	60,034	48,141
Right-of-use assets	14	221,900	258,377
Intangible assets	15	70,407	13,221
Deferred tax assets	9	109,997	176,330
Total non-current assets		462,338	496,069
Total assets		690,590	536,299
Liabilities			
Current liabilities			
Trade and other payables	16	41,210	22,916
Borrowings	17	-	84,128
Lease liabilities	18	33,743	32,503
Total current liabilities		74,953	139,547
Non-current liabilities			
Trade and other payables	16	61,958	-
Lease liabilities	18	187,819	221,562
Lease make good provision	19	12,097	11,677
Total non-current liabilities		261,874	233,239
Total liabilities		336,827	372,786
Net assets		353,763	163,513
Equity			
Issued capital	20	856,704	856,704
Accumulated losses	21	(502,941)	(693,191)
Total equity		353,763	163,513

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

Mission Beach Community Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		856,704	(681,647)	175,057
Profit after income tax expense		-	(2,794)	(2,794)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(2,794)	(2,794)
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(8,750)	(8,750)
Balance at 30 June 2022		856,704	(693,191)	163,513

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		856,704	(693,191)	163,513
Profit after income tax expense		-	199,000	199,000
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	199,000	199,000
Transactions with owners in their capacity as owners:				
Dividends provided for	23	-	(8,750)	(8,750)
Balance at 30 June 2023		856,704	(502,941)	353,763

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

Mission Beach Community Enterprises Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		787,350	508,161
Payments to suppliers and employees (inclusive of GST)		(449,287)	(457,812)
Interest received		175	26
Interest and other finance costs paid		(1,291)	(1,621)
Net cash provided by operating activities	28	336,947	48,754
Cash flows from investing activities			
Payments for property, plant and equipment	13	(19,197)	-
Payments for intangible assets		(14,030)	(14,030)
Net cash used in investing activities		(33,227)	(14,030)
Cash flows from financing activities			
Repayment of lease liabilities	18	(40,974)	(39,781)
Dividends paid	23	(8,750)	(8,750)
Repayment of borrowings		-	(9,611)
Net cash used in financing activities		(49,724)	(58,142)
Net increase/(decrease) in cash and cash equivalents		253,996	(23,418)
Cash and cash equivalents at the beginning of the financial year		(84,128)	(60,710)
Cash and cash equivalents at the end of the financial year	10	169,868	(84,128)

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Mission Beach 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**
52 Holland Street, Wongaling Beach QLD 4852	Shop 5, 34-40 Dickinsons Street, Wongaling Beach QLD 4852

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 22 September 2023. The directors have the power to amend and reissue the financial statements.

Going concern
The financial statements for the financial year end 30 June 2023 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

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, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. 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.

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 for July 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.

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

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	**2022 $**
Margin income	614,748	338,252
Fee income	46,570	52,482
Commission income	44,885	52,394
	706,203	443,128

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

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2023 **$**	**2022** **$**
Market development fund	25,625	32,500

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.

All revenue is stated net of the amount of GST.

Note 7. Other revenue (continued)

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	6,286	6,285
Plant and equipment	1,018	4,146
	7,304	10,431
Depreciation of right-of-use assets		
Leased land and buildings	36,477	35,781
Amortisation of intangible assets		
Franchise fee	2,204	2,204
Franchise renewal fee	11,018	11,019
	13,222	13,223
	57,003	59,435

Finance costs

	2023 $	2022 $
Lease interest expense	8,471	6,870
Unwinding of make-good provision	420	238
Other	871	1,383
	9,762	8,491

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

Employee benefits expense

	2023 $	2022 $
Wages and salaries	220,590	240,273
Superannuation contributions	25,410	27,080
Expenses related to long service leave	4,421	1,832
Other expenses	27,779	33,954
	278,200	303,139

Note 8. Expenses (continued)

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	4,551	5,552

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Movement in deferred tax	(1,343)	(565)
Future income tax benefit attributable to losses	-	(123)
Recoupment of prior year tax losses	67,676	-
Aggregate income tax expense/(benefit)	66,333	(688)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	265,333	(3,482)
Tax at the statutory tax rate of 25%	66,333	(871)
Tax effect of:		
Non-deductible expenses	-	183
Income tax expense/(benefit)	66,333	(688)

	2023 $	2022 $
Deferred tax assets		
Expense accruals	999	800
Carried forward tax losses	107,707	175,382
Deductible prepayments	(1,649)	(1,694)
Provision for lease make good	3,024	2,919
Lease liabilities	55,391	63,516
Right-of-use assets	(55,475)	(64,593)
Deferred tax asset	109,997	176,330

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.

Note 9. Income tax (continued)

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	169,868	-

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	169,868	-
Bank overdraft (note 17)	-	(84,128)
Balance as per statement of cash flows	169,868	(84,128)

Accounting policy for cash and cash equivalents
For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	42,434	24,718
Other receivables and accruals	440	-
Prepayments	6,597	6,774
	7,037	6,774
	49,471	31,492

Note 11. Trade and other receivables (continued)

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

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

Note 12. Financial assets

	2023 $	2022 $
Term deposits - at amortised costs	8,913	8,738

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

Note 13. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	131,727	117,757
Less: Accumulated depreciation	(79,523)	(73,237)
	52,204	44,520
Plant and equipment - at cost	89,067	83,840
Less: Accumulated depreciation	(81,237)	(80,219)
	7,830	3,621
	60,034	48,141

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 $	Total $
Balance at 1 July 2021	50,805	7,767	58,572
Depreciation	(6,285)	(4,146)	(10,431)
Balance at 30 June 2022	44,520	3,621	48,141
Additions	13,970	5,227	19,197
Depreciation	(6,286)	(1,018)	(7,304)
Balance at 30 June 2023	52,204	7,830	60,034

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.

Note 13. Property, plant and equipment (continued)

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	20 years
Plant & equipment	2.5 - 20 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 14. Right-of-use assets

	2023 $	**2022 $**
Land and buildings - right-of-use	363,774	363,774
Less: Accumulated depreciation	(141,874)	(105,397)
	221,900	258,377

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	72,517
Remeasurement adjustments	221,641
Depreciation expense	(35,781)
Balance at 30 June 2022	258,377
Depreciation expense	(36,477)
Balance at 30 June 2023	221,900

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 18 for more information on lease arrangements.

Note 15. Intangible assets

	2023 $	2022 $
Franchise fee	22,753	11,018
Less: Accumulated amortisation	(11,019)	(8,815)
	11,734	2,203
Franchise renewal fee	113,766	55,093
Less: Accumulated amortisation	(55,093)	(44,075)
	58,673	11,018
	70,407	13,221

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	4,407	22,037	26,444
Amortisation expense	(2,204)	(11,019)	(13,223)
Balance at 30 June 2022	2,203	11,018	13,221
Additions	11,735	58,673	70,408
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2023	11,734	58,673	70,407

Additions
The company renewed there franchise fees during the financial year.

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)	July 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2028

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

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

Note 16. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	22,455	3,169
Other payables and accruals	18,755	19,747
	41,210	22,916
Non-current liabilities		
Other payables and accruals	61,958	-

Other payables and accruals
The company renewed there franchise fees during the financial year. This will be paid for in annual installments over the next 5 years.

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 17. Borrowings

	2023 $	2022 $
Current liabilities		
Bank overdraft	-	84,128

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2023 $	2022 $
Total facilities		
Bank overdraft	100,000	200,000
Used at the reporting date		
Bank overdraft	-	84,128
Unused at the reporting date		
Bank overdraft	100,000	115,872

Bank overdraft
The company has an overdraft facility of $100,000 which is subject to normal commercial terms and conditions. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets.

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

Note 18. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	41,042	40,974
Unexpired interest	(7,299)	(8,471)
	33,743	32,503
Non-current liabilities		
Land and buildings lease liabilities	205,208	246,250
Unexpired interest	(17,389)	(24,688)
	187,819	221,562

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	254,065	76,774
Remeasurement adjustments	-	210,202
Lease interest expense	8,471	6,870
Lease payments - total cash outflow	(40,974)	(39,781)
	221,562	254,065

Maturity analysis

	2023 $	2022 $
Not later than 12 months	41,042	40,974
Between 12 months and 5 years	164,167	164,167
Greater than 5 years	41,041	82,083
	246,250	287,224

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Mission Beach Branch	3.54%	4 years	2 x 3 years	Yes	July 2029

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

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

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

Note 18. Lease liabilities (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 leased premises.

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

Note 19. Lease make good provision

	2023 $	2022 $
Lease make good	12,097	11,677

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 to be $15,000 for the Mission Beach Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on August 2029 at which time it is expected the face-value costs to restore the premises will fall due.

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 20. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	875,000	875,000	875,000	875,000
Less: Equity raising costs	-	-	(18,296)	(18,296)
	875,000	875,000	856,704	856,704

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.

Note 20. Issued capital (continued)

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).

<u>Transfer</u>
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").

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

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

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

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

Note 21. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(693,191)	(681,647)
Profit/(loss) after income tax (expense)/benefit for the year	199,000	(2,794)
Dividends paid (note 23)	(8,750)	(8,750)
Accumulated losses at the end of the financial year	(502,941)	(693,191)

Note 22. Capital management

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

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

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

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

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

Note 23. Dividends

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

	2023 $	2022 $
Unfranked dividend of 1 cents per share (2022: 1 cents)	8,750	8,750

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

Note 24. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	42,874	24,718
Cash and cash equivalents	169,868	-
Financial assets	8,913	8,738
	221,655	33,456
Financial liabilities		
Trade and other payables	103,168	22,916
Lease liabilities	221,562	254,065
Bank overdrafts	-	84,128
	324,730	361,109

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

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of $169,868 at 30 June 2023 (2022: $nil).

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.

Note 24. Financial instruments (continued)

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 $	2022 $
Bank overdraft	100,000	115,872

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	41,210	61,958	-	103,168
Lease liabilities	41,042	164,167	41,041	246,250
Total non-derivatives	82,252	226,125	41,041	349,418

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	84,128	-	-	84,128
Trade and other payables	22,916	-	-	22,916
Lease liabilities	40,974	164,167	82,083	287,224
Total non-derivatives	148,018	164,167	82,083	394,268

Note 25. Key management personnel disclosures

The following persons were directors of Mission Beach Community Enterprises Limited during the financial year and/or up to the date of signing of these Financial Statements.

Andrew Peter Cripps
Maria Paz Ribbeck Donoso
Anita Elspeth Morton
Kerry Allan Nolan
Peter Vernon Hall
Jael Katherine Napper
Gurbinder Singh

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

Note 25. Key management personnel disclosures (continued)

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

Note 26. Related party transactions

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

Note 27. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the company:

	2023 $	2022 $
Audit services - AFS		
Audit or review of the financial statements	5,400	2,100
Non audit services - AFS		
Taxation advice and tax compliance services	1,060	-
General advisory services	2,780	1,180
Share registry services	4,577	4,304
	8,417	5,484
	13,817	7,584
Audit services - RSD		
Audit or review of the financial statements	-	3,750

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

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	199,000	(2,794)
Adjustments for:		
Depreciation and amortisation	57,003	75,328
Lease liabilities interest amount	8,471	6,870
Change in operating assets and liabilities:		
Increase in trade and other receivables	(17,979)	(13,090)
Decrease/(increase) in deferred tax assets	66,333	(688)
Increase in other operating assets	(175)	(26)
Increase/(decrease) in trade and other payables	23,874	(17,084)
Increase in other provisions	420	238
Net cash provided by operating activities	336,947	48,754

Note 29. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	199,000	(2,794)

Note 29. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	875,000	875,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	875,000	875,000

	Cents	Cents
Basic earnings per share	22.74	(0.32)
Diluted earnings per share	22.74	(0.32)

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors’ declaration

30 June 2023

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and

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

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

On behalf of the directors

____
Andrew Cripps
Chair

22 September 2023

Independent audit report

Andrew Frewin Stewart
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(03) 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mission Beach 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 Mission Beach 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: 22nd September 2023

Joshua Griffin
Lead Auditor

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/communitybankmissionbeach

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR22076) (10/23)