Annual Report 2023

Narrandera District Investments Limited

Community Bank
Narrandera & District

ABN 58 107 510 494

Contents

Chair’s report

For year ending 30 June 2023

Dear Shareholders,

I am pleased to present the Chairman’s Report for Narrandera District Investments Limited for the financial year ending 2023. This year has been another significant year in the history of the Company, both operationally and financially.

Business Performance

The year ended 2023 saw a substantial rise in margins due to increased rates. The rise in both lending and deposit margins led to a significant increase in our gross profit, and ultimately net profit as provided in the financial statements that follow.

While our profits significantly increased in the financial year, both our loan and deposit books have seen a slight decrease with loan repayments increasing given the rise in interest rates.

Nevertheless, our gross profit exceeded $1.34 million, resulting in a net profit of $338,864.

Community Investment

Over the course of the financial year, the Company has continued its commitment to the community through grants and donations. The Company has provided funding to the Narrandera Tennis Club, Rotary Club of Narrandera, Barellan Masters Games, the Nurrungdera Festival, the Narrandera Race Club, the Ardlethan Country Music Festival, the Narrandera Rodeo, the Narrandera Garden Club, Fusion, and Narrandera High School.

The sponsorships, grants and donations made in the financial year exceeded $65,000.00, and the Company continues to support and foster relationships with community groups through new funding and sponsorship requests. As part of the Company’s strategic planning, community investment remains one of our core components when determining the future success of the Company.

Branch Highlights

Following the relocation of the Branch to the Company-owned premises, our overhead costs have significantly deceased and the larger floor area has seen far greater customer satisfaction. With the heightened fear of rural banking closures by other financial institutions, our focus remains in providing a ‘brick and mortar’ experience with our customers who wish to bank in-person.

While we have had a period of high employee turnover, the Company is excited in confirming we have returned to our full staffing level.

At the end of the financial year, the Company onboarded Sue Limbrick as our new Branch Manager. Under Sue’s leadership, the Company looks forward to continuing the implementation of strong customer service. The Board sincerely thanks our previous Branch Manager Janelle Broadhead for her commitment to the Branch and her success in ensuring the Branch met compliance requirements.

Amy Buchanan has recently accepted the role of Customer Relationship Manager and will be the point of contact for all customers looking for lending products and support.

Both Sue and Amy join the Branch with existing staff members Rebecca Hanby as Customer Relationship Officer, and Rhiannon French as Customer Service Officer. The Board sincerely thank our staff for their tireless dedication to the Branch and especially our customers.

In respect of the Board, Julie Mulholland resigned from her position as Director. The Board thanks Julie for her dedication to the Company and her focus on long term development through strategic planning. Sue Foley has stepped down as Chair of the Board following the previous three financial years, and the Board has appointed Joy Rollason of CB Virtual Solutions as Company Secretary.

I further wish to thank our hard-working and dedicated Directors who work in delivering our strategic vision for the future viability of the Company. I especially thank Sue Foley for her unwavering dedication to the Company for the past three years as Chair.

Strategic Vision

Our Board operates a banking business within the Bendigo and Adelaide Bank framework for the primary purpose of reinvesting the profits back into the local community. Our vision rests with the community and offering a quality customer experience whereby the profits of the Company return for the long-term improvement and betterment of the Narrandera Shire.

I look forward to the continued success of the Company with the benefits of community banking coming to fruition within our shire.

Jack Kennings Langley
Chair

Directors' report

For the financial year ended 30 June 2023

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

Directors

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

Jack Kennings Langley

Title:	Non-executive director
Experience and expertise:	Jack is currently employed at Narrandera's local law firm, as a Solicitor with Farrell Goode Solicitors. Jack has completed a bachelor of Laws through the University of New England, projected to complete in December 2021. Jack graduated Narrandera High School in 2017, attaining an ATAR of 92.1. In the same year he was recipient of Narrandera's Young Citizen of the Year award. Jack has previously been the Secretary of the Narrandera Town Band and the annual John O'Brien Festival. His family owns a cropping and wool farm north of Narrandera which he assists on. Jack is excited to be part of the board and looks forward to supporting the town and surrounding Districts.
Special responsibilities:	Chair

Susan Patricia Foley

Title:	Non-executive director
Experience and expertise:	Susan is a Part Time Admin Assistant. Susan's previous employment includes, Shire Visitor information Centre Coordinator and Administration at Auswild & Broad Accountancy office. Susan has experience owning her own business. She is also a former staff member of Narrandera Bendigo Community Bank. Susan has a Diploma of Teaching Early Childhood and was a Preschool Director.
Special responsibilities:	Nil

Kerry Terese Sproston

Title:	Non-executive director
Experience and expertise:	Kerry is a bookkeeper. Teaching qualifications were completed in 1974, Accounting qualifications in 1994. BSP for Tax Professionals Board. Committee and Treasurer for NSW Women's Rural Gathering Narrandera 2017. Currently Vice President of Narrandera Ex-Servicemen's Club. Trustee of Narrandera Racecourse Land Managers.
Special responsibilities:	Treasurer

Graham Kenneth Bock

Title:	Non-executive director
Experience and expertise:	Graham is a Plant & Workshop Manager at Narrandera Shire. Graham spent 13 years being a Mechanic at the local Ford Dealership. He has over 17 years experience as a truck driver and maintenance for a local feedlot. Graham was owner and driver of a small trucking business for 5 years. He also owned his own beef cattle farm for 35 years. He has been a member of the Lions Club for 10 years, 3 of which he has held the title of President.
Special responsibilities:	Nil

Vickie Lynnette Lander

Title:	Non-executive director
Experience and expertise:	Vickie is retired. Registered Nurse. Registered Midwife. Child and Family Health Nurse. Women's Health Nurse. Lactation Consultant. Clinical Nurse Consultant and Antenatal Care Coordinator for Adolescent Health, Justice Health & Forensic Mental Health Network, NSW Ministry of Health.
Special responsibilities:	Nil

Julie Mulholland

Title:	Non-executive director (appointed 27 September 2022, resigned 7 May 2023)
Experience and expertise:	
Special responsibilities:	

Stephen John McIntyre

Title:	Non-executive director (resigned 21 February 2023)
Experience and expertise:	Prior to retirement, Stephen ran a dairy farm after finishing school before going on to TAFE. He graduated from the William Anglis School of Catering and Butchery in Melbourne. After he joined the Navy for seven years and specialised in Nuclear Biological & Chemical Defence. Since then Stephen has owned and operated his own business for 32 years and has been a Director of ANGEMAC for the past 20 years. He has been involved with the Community Bank for the past 9-10 years in a couple of capacities both as a customer and now as a Director. Over past years Stephen and his wife have helped the community wherever they can. They enjoy living in the community and are looking forward to continued involvement with the Community Bank for the foreseeable future.
Special responsibilities:	Nil

Company secretary

There have been three Company Secretaries holding the position during the financial year:

- Joy Lenore Rollason was appointed company secretary on 28 March 2023.
- Julie Annette Mulholland was appointed company secretary on 27 September 2022 and ceased on 28 March 2023.
- Susan Patricia Foley was appointed company secretary on 26 July 2022 and ceased on 27 September 2022.

Experience and expertise Joy holds a bachelor's degree in Information Services (Librarianship), a graduate diploma in Applied Corporate Governance and a diploma in Project Management. She has more than twenty years of company secretarial experience with unlisted public companies.

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 $338,864 (30 June 2022: $80,278).

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

Dividends

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

	2023 $
Fully franked dividend of 5 cents per share (2022: 5 cents)	32,225

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
Jack Kennings Langley	13	13
Susan Patricia Foley	13	13
Kerry Terese Sproston	13	13
Graham Kenneth Bock	13	6
Vickie Lynnette Lander	13	10
Julie Mulholland	10	8
Stephen John McIntyre	7	2

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Jack Kennings Langley	1,500	-	1,500
Susan Patricia Foley	100	-	100
Kerry Terese Sproston	1,000	-	1,000
Graham Kenneth Bock	1,000	-	1,000
Vickie Lynnette Lander	-	-	-
Julie Mulholland	-	-	-
Stephen John McIntyre	-	-	-

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 24 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

Jack Kennings Langley
Chair

3 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 Narrandera District Investments Limited

As lead auditor for the audit of Narrandera District Investments 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: 3 September 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	6	1,329,302	916,488
Other revenue	7	10,000	20,968
Finance revenue		1,204	1,472
Total revenue		**1,340,506**	**938,928**
Employee benefits expense	8	(423,140)	(460,723)
Advertising and marketing costs		(42,889)	(87,802)
Occupancy and associated costs		(24,324)	(23,393)
System costs		(18,095)	(22,147)
Depreciation and amortisation expense	8	(77,823)	(90,344)
Finance costs	8	(21,225)	(2,176)
General administration expenses		(84,735)	(142,740)
Total expenses before community contributions and income tax expense		**(692,231)**	**(829,325)**
Profit before community contributions and income tax expense		**648,275**	**109,603**
Charitable donations and sponsorships expense	8	(196,057)	(2,473)
Profit before income tax expense		**452,218**	**107,130**
Income tax expense	9	(113,354)	(26,852)
Profit after income tax expense for the year	**18**	**338,864**	**80,278**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**338,864**	**80,278**
		Cents	Cents
Basic earnings per share	26	52.58	12.46
Diluted earnings per share	26	52.58	12.46

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

Statement of financial position
as at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	553,342	487,663
Trade and other receivables	11	99,780	106,753
Current tax assets	9	-	108,898
Total current assets		**653,122**	**703,314**
Non-current assets			
Property, plant and equipment	12	867,073	910,274
Intangible assets	13	13,185	26,368
Total non-current assets		**880,258**	**936,642**
Total assets		**1,533,380**	**1,639,956**
Liabilities			
Current liabilities			
Trade and other payables	14	30,945	42,700
Borrowings	15	-	93,900
Current tax liabilities	9	97,104	-
Employee benefits	16	7,016	5,934
Lease make good provisions		-	20,000
Total current liabilities		**135,065**	**162,534**
Non-current liabilities			
Borrowings	15	72,853	456,642
Deferred tax liabilities	9	48,228	50,185
Employee benefits	16	281	281
Total non-current liabilities		121,362	507,108
Total liabilities		256,427	669,642
Net assets		1,276,953	970,314
Equity			
Issued capital	17	644,509	644,509
Retained earnings	18	632,444	325,805
Total equity		**1,276,953**	**970,314**

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		644,509	277,752	922,261
Profit after income tax expense		-	80,278	80,278
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**80,278**	**80,278**
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(32,225)	(32,225)
Balance at 30 June 2022		**644,509**	**325,805**	**970,314**
Balance at 1 July 2022		644,509	325,805	970,314
Profit after income tax expense		-	338,864	338,864
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**338,864**	**338,864**
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(32,225)	(32,225)
Balance at 30 June 2023		**644,509**	**632,444**	**1,276,953**

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

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,481,213	1,016,031
Payments to suppliers and employees (inclusive of GST)		(941,668)	(947,444)
Interest received		1,204	1,472
Interest and other finance costs paid		(21,225)	(542)
Income taxes refunded/(paid)		90,691	(84,921)
Net cash provided by/(used in) operating activities	**25**	**610,215**	**(15,404)**
Cash flows from investing activities			
Payments for property, plant and equipment	12	(21,438)	(759,638)
Payments for intangible assets		(13,184)	(13,184)
Net cash used in investing activities		**(34,622)**	**(772,822)**
Cash flows from financing activities			
Proceeds from borrowings	15	-	550,542
Repayment of borrowings	15	(477,689)	-
Dividends paid	20	(32,225)	(32,225)
Repayment of lease liabilities		-	(22,181)
Net cash provided by/(used in) financing activities		**(509,914)**	**496,136**
Net increase/(decrease) in cash and cash equivalents		65,679	(292,090)
Cash and cash equivalents at the beginning of the financial year		487,663	779,753
Cash and cash equivalents at the end of the financial year	**10**	**553,342**	**487,663**

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

Notes to the financial statements

For the year ended 30 June 2023

Note 1. Reporting entity

The financial statements cover Narrandera District Investments 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
Unit 1, 185 Morgan Street Wagga Wagga NSW 2650	92 East Street Narrandera NSW 2700

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 presentational currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 3 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

Changes in accounting policies, standards and interpretations

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

Current and non-current classification

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

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

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

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

Note 3. Significant accounting policies (continued)

Impairment

Non-derivative financial assets

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

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

Non-financial assets

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

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

Goods and Services Tax (GST)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Estimation of useful lives of assets

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

Impairment of non-financial assets

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

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

Recovery of deferred tax assets

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

Employee benefits provision

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in June 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 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,218,804	805,268
Fee income	60,860	62,428
Commission income	49,638	48,792
	1,329,302	**916,488**

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.

Margin income

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

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

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

Commission income

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

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

Fee income

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

Note 6. Revenue from contracts with customers (continued)

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 $
Net gain on disposal of assets	-	1,924
Market development fund	10,000	19,044
	10,000	**20,968**

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.
Net gain on disposal of assets	Revenue from disposal of assets is recorded on the disposal date. It contains gains from the disposal of the right-of-use asset net of losses on disposal of property, plant and equipment.

All revenue is stated net of the amount of GST.

Discretionary financial contributions

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	329,674	378,543
Non-cash benefits	(2,083)	8,324
Superannuation contributions	35,180	37,363
Expenses related to long service leave	-	(14,619)
Other expenses	60,369	51,112
	423,140	**460,723**

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Buildings	50,626	21,968
Leasehold improvements	10,193	6,863
Plant and equipment	2,609	784
Furniture and fittings	1,212	721
Motor vehicles	-	28,707
	64,640	**59,043**
Depreciation of right-of-use assets		
Leased land and buildings	**-**	**18,117**
Amortisation of intangible assets		
Franchise fee	2,197	2,197
Franchise renewal fee	10,986	10,987
	13,183	**13,184**
	77,823	**90,344**

Finance costs

	2023 $	2022 $
Bank loan interest paid or accrued	21,225	542
Lease interest expense	-	538
Unwinding of make-good provision	-	1,096
	21,225	**2,176**

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	**8,135**	**11,051**

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 8. Expenses (continued)

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments	14,925	2,473
Contribution to the Community Enterprise FoundationTM	181,132	-
	196,057	**2,473**

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

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

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	115,312	-
Movement in deferred tax	(1,958)	64,345
Future income tax benefit attributable to losses	-	(37,493)
Aggregate income tax expense	**113,354**	**26,852**
Prima facie income tax reconciliation		
Profit before income tax expense	**452,218**	**107,130**
Tax at the statutory tax rate of 25%	113,055	26,783
Tax effect of:		
Non-deductible expenses	299	69
Income tax expense	**113,354**	**26,852**

	2023 $	2022 $
Deferred tax liabilities/(assets)		
expense accruals	(375)	(375)
employee provisions	(1,824)	(1,554)
make-good provision	-	(5,000)
property, plant and equipment	50,427	57,114
Deferred tax liability	**48,228**	**50,185**

	2023 $	2022 $
Income tax refund due	**-**	**108,898**

	2023 $	2022 $
Provision for income tax	**97,104**	**-**

Note 9. Income tax (continued)

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

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

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

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

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	252,978	123,332
Term deposits	300,364	364,331
	553,342	**487,663**

Accounting policy for cash and cash equivalents

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	96,275	103,248
Prepayments	3,505	3,505
	99,780	**106,753**

Accounting policy for trade and other receivables

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Land - at cost	39,600	39,600
Buildings - at cost	840,964	840,964
Less: Accumulated depreciation	(83,735)	(33,109)
	757,229	**807,855**
Leasehold improvements - at cost	50,175	48,845
Less: Accumulated depreciation	(12,219)	(2,026)
	37,956	**46,819**
Plant and equipment - at cost	30,740	10,640
Less: Accumulated depreciation	(3,115)	(515)
	27,625	**10,125**
Fixtures and fittings - at cost	9,089	9,089
Less: Accumulated depreciation	(4,426)	(3,214)
	4,663	**5,875**
	867,073	**910,274**

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

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2021	39,600	131,365	4,837	4,167	4,079	28,707	212,755
Additions	-	698,458	48,845	9,015	3,320	-	759,638
Disposals	-	-	-	(2,273)	(803)	-	(3,076)
Depreciation	-	(21,968)	(6,863)	(784)	(721)	(28,707)	(59,043)
Balance at 30 June 2022	**39,600**	**807,855**	**46,819**	**10,125**	**5,875**	**-**	**910,274**
Additions	-	-	1,330	20,109	-	-	21,439
Depreciation	-	(50,626)	(10,193)	(2,609)	(1,212)	-	(64,640)
Balance at 30 June 2023	**39,600**	**757,229**	**37,956**	**27,625**	**4,663**	**-**	**867,073**

Accounting policy for property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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

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

Leasehold improvements	4 to 10 years
Plant and equipment	5 to 10 years
Furniture, fixtures and fittings	4 to 20 years
Computer software	5 years

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

Note 12. Property, plant and equipment (continued)

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 13. Intangible assets

	2023 $	2022 $
Franchise fee	22,440	22,440
Less: Accumulated amortisation	(20,241)	(18,044)
	2,199	**4,396**
Franchise renewal fee	112,192	112,192
Less: Accumulated amortisation	(101,206)	(90,220)
	10,986	**21,972**
	13,185	**26,368**

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	6,593	32,959	39,552
Amortisation expense	(2,197)	(10,987)	(13,184)
Balance at 30 June 2022	**4,396**	**21,972**	**26,368**
Amortisation expense	(2,197)	(10,986)	(13,183)
Balance at 30 June 2023	**2,199**	**10,986**	**13,185**

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 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2024

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 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Other payables and accruals	**30,945**	**42,700**

Accounting policy for trade and other payables

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

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

Note 15. Borrowings

	2023 $	2022 $
Current liabilities		
Bank loans	**-**	**93,900**
Non-current liabilities		
Bank loans	**72,853**	**456,642**

Bank loans

A bank loan was taken out during the prior period to partly fund the branch renovations and refit. It is repayable monthly. Interest is recognised at rate of 5.14%. The loans are secured by a fixed and floating charge over the company's assets. Most of the loan was repaid during the period and as the company is over 12 months in advance on repayments the balance is disclosed as non-current.

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 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	**7,016**	**5,934**
Non-current liabilities		
Long service leave	**281**	**281**

Accounting policy for employee benefits

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

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

Note 16. Employee benefits (continued)

Superannuation contributions

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

Short-term employee benefits

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

Other long-term employee benefits

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

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

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

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	**644,509**	**644,509**	**644,509**	**644,509**

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends

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

Note 17. 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").

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 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	325,805	277,752
Profit after income tax expense for the year	338,864	80,278
Dividends paid (note 20)	(32,225)	(32,225)
Retained earnings at the end of the financial year	**632,444**	**325,805**

Note 19. 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%.

Note 19. Capital management (continued)

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 20. Dividends

Dividends provided for and paid during the period

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

	2023 $	2022 $
Fully franked dividend of 5 cents per share (2022: 5 cents)	**32,225**	**32,225**

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	325,437	251,258
Franking credits (debits) arising from income taxes paid (refunded)	(72,839)	84,921
Franking debits from the payment of franked distributions	(10,742)	(10,742)
	241,856	**325,437**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	241,856	325,437
Franking credits (debits) that will arise from payment (refund) of income tax	97,104	(91,047)
Franking credits available for future reporting periods	**338,960**	**234,390**

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

Accounting policy for dividends

Dividends are recognised in the financial year they are declared.

Note 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	96,275	103,248
Cash and cash equivalents	553,342	487,663
	649,617	**590,911**
Financial liabilities		
Trade and other payables	30,945	42,700
Bank loans	72,853	550,542
	103,798	**593,242**

Note 21. Financial instruments (continued)

Accounting policy for financial instruments

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

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

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

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

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. The company held cash and cash equivalents of $553,342 at 30 June 2023 (2022: $487,663).

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2023		2022	
	Nominal interest rate %	Balance $	Nominal interest rate %	Balance $
Bank loans	7.25%	72,853	5.14%	550,542
Net exposure to cash flow interest rate risk		**72,853**		**550,542**

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its

contractual obligations, and arises principally from the company's receivables from customers.

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

Note 21. Financial instruments (continued)

Liquidity risk

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

Exposure to liquidity risk

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

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023				
Bank overdraft	-	72,853	-	72,853
Trade and other payables	30,945	-	-	30,945
Total non-derivatives	**30,945**	**72,853**	**-**	**103,798**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2022				
Bank loans	93,900	456,642	-	550,542
Trade and other payables	42,700	-	-	42,700
Total non-derivatives	**136,600**	**456,642**	**-**	**593,242**

Note 22. Key management personnel disclosures

The following persons were directors of Narrandera District Investments Limited during the financial year and/or up to the date of signing these Financial Statements.

Jack Kennings Langley	Vickie Lynnette Lander
Susan Patricia Foley	Julie Mulholland
Kerry Terese Sproston	Stephen John McIntyre Graham Kenneth Bock

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

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

Note 23. Related party transactions

The following transactions occurred with related parties:

	2023 $	2022 $
The company used the bookkeeping/accounting services of one of its directors. The total benefit received was:	4,166	2,553

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

Note 24. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	**5,400**	**5,200**
Other services		
Taxation advice and tax compliance services	960	1,425
General advisory services	4,455	4,060
Share registry services	4,689	4,389
	10,104	**9,874**
	15,504	**15,074**

Note 25. Reconciliation of profit after income tax to net cash provided by/(used in) operating activities

	2023 $	2022 $
Profit after income tax expense for the year	338,864	80,278
Adjustments for:		
Depreciation and amortisation	77,823	90,344
Lease liabilities interest	-	538
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,973	(31,575)
Decrease/(increase) in income tax refund due	108,898	(91,047)
Decrease in deferred tax assets	-	14,160
Increase/(decrease) in trade and other payables	1,428	(39,174)
Increase/(decrease) in provision for income tax	97,104	(31,367)
Increase/(decrease) in deferred tax liabilities	(1,957)	50,185
Increase/(decrease) in employee benefits	1,082	(58,842)
Increase/(decrease) in other provisions	(20,000)	1,096
Net cash provided by/(used in) operating activities	**610,215**	**(15,404)**

Note 26. Earnings per share

	2023 $	2022 $
Profit after income tax	**338,864**	**80,278**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	644,509	644,509
Weighted average number of ordinary shares used in calculating diluted earnings per share	**644,509**	**644,509**

Note 26. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	52.58	12.46
Diluted earnings per share	52.58	12.46

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Narrandera District Investments Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Directors’ declaration

For the financial year ended 30 June 2023

In the directors’ opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company’s financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Jack Kennings Langley
Chair

3 September 2023

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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(03) 5443 0344

Independent auditor's report to the Directors of Narrandera District Investments Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Narrandera District Investments 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 Narrandera District Investments 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: 3 September 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank