

# Annual Report 2023

Port Lincoln Community  
Enterprises Limited

Community Bank  
Port Lincoln

ABN 29 127 996 187



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# Chair's report

For year ending 30 June 2023

The 2022-23 year brought both challenges and rewards for our Company. The delivery of our services locally at Liverpool Street continues to strengthen our brand reputation and loyalty, supporting strong business results. Following the difficulties of the COVID-19 pandemic, 2022-23 brought a very different set of challenges for our Managers Prue Hywood and David Stoeckel.

The Managers' report provides detail on the growth of our customer base and an improved footings position of \$348 million at 30 June 2023. Footings grew by 5.9%, however that was generated from significant growth in deposits, partly offset by a decline in lending, driven by the financial and economic environment over the 12 month period.

The previous period of very low interest rates ended rapidly as the RBA rolled out a series of cash rate increases, up to 4.1% in June 2023. This shaped the split trends in footings growth, but it also led to significantly improved revenue as lending rates increased with the cash rate. Our operations in 2022-23 produced a record profit of \$1.22 million before tax, donations and dividend payments.

We allocated an impressive \$800,000 into the Community Enterprise Foundation™ for future distribution to the community through our Grants program. We also invested over \$590,000 supporting many valuable community initiatives through sponsorships, grants and scholarships.

Our purpose as a company is to be: ***A viable and successful community-owned bank contributing significantly to community outcomes.*** The Board's three year Business Plan focuses on retaining and growing business and maximising value from community investment and engagement. A review of the Business Plan is under way, responding to new opportunities and challenges. A more detailed Action Plan ensures that we can deliver what we planned.

In March 2023 we celebrated the 15 year anniversary of opening the Branch office. We also renewed both our Bendigo Bank Franchise Agreement and our property lease, anticipating a further 15 years of success. Our corporate partners at Bendigo and Adelaide Bank - Alison Burr, Renato Principe and Emma Newton - have again worked with us to support all aspects of our business.

Through the 2022-23 year we welcomed new Directors Terri Christensen and Georgia Brazenall, but unfortunately both have since resigned. We currently have a Board of six Directors with a strong skills base and diversity of experience, and we continue to identify potential succession options.

Notably, Steven James has chosen to retire from the Board as of the 2023 Annual General Meeting. I thank Steven for his outstanding commitment to our Company and Community Bank Port Lincoln for well over 15 years. His custodianship and guidance has been nothing short of extraordinary.

Looking forward we continue to work in a dynamic operating environment with high compliance requirements, increasingly digital-first customers and improved services delivered through technology. People will always be central – while our customers, staff and shareholders will increasingly adopt digital ways we will need to remain the bank with a community difference.

I thank the Board of Directors, our managers, our local and loyal staff and the shareholders of this community bank for their on-going commitment to our empowering business model.



**Rob Donaldson**  
Chair, PLCE Ltd

# Managers' report

For year ending 30 June 2023

The financial year closed with our total footings \$348 million. This is represented by 8,013 accounts and 4,606 customers. Our staff have worked hard to grow this customer base whilst delivering exceptional customer service. Shari Davis was recognised and nominated for the Port Lincoln Business Excellence Awards in 2022.

We have warmly welcomed Maddi O'Hanlon and Summer Pedersen to our team as Trainee Customer Service Officers along with Luke Matthews as Customer Relationship Officer. Sally Bronca was also promoted to Customer Relationship Manager.

Total funds contributed to the community this financial year was \$594,522. This consisted of 15 Grants, two Scholarships, 33 Sponsorships and one donation. In addition, individual staff sponsorships were carried out with each staff member being allocated \$1,000 to support a not-for-profit organisation in our community. These included RSPCA, Matthew Flinders Home, EP Old Folks Home, Auslan Eyre Peninsula Group, Port Lincoln Scouts Group, Kirton Point Children's Centre and Mentally Fit EP.

The two Bendigo Community Bank branches in Port Lincoln and Cummins once again sponsored the Mortlock Shield with a contribution of \$15,000. This was the ninth year of our high-profile joint sponsorship.

Our continued focus moving forward is to grow our Rural Bank portfolio. Business Development Manager, David Stoeckel is implementing a business development action plan to maximise Rural Bank opportunities.

Bendigo and Adelaide Bank undertook a major restructure of the business banking functions, and Darren Goodwin currently manages both our Small Business and Middle Market customers supported by a central specialised team.

As the Reserve Bank cash rate increases over 2022-23 have driven higher lending rates, our staff have worked hard to liaise with customers around their lending situation and needs. High volumes of very low fixed rate home loans have expired and need to be re-financed. This work will be ongoing for some time.

Bendigo and Adelaide Bank has maintained a strong focus on digital banking, with an investment in staff training to roll out this transition.

We would like to thank all our customers, staff, directors, shareholders and business partners for their ongoing support.



**Prue Hywood**  
Branch Operations Manager



**David Stoeckel**  
Business Development Manager

# Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



**Justine Minne**  
**Bendigo and Adelaide Bank**

# Community Bank National Council report

For year ending 30 June 2023



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

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

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

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

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

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

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

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

Warm regards

A stylized, handwritten signature in black ink, appearing to read "Sarah Franklyn".

**Sarah Franklyn**  
CBNC Chair

# Directors' report

For the financial year ended 30 June 2023

The Directors present their report, together with the financial statements, on Port Lincoln Community Enterprises Ltd for the financial year ended 30 June 2023.

## Board of Directors

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

### Rob Donaldson

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Title: Chair  
Qualifications: Bachelor of Arts (Planning), Graduate Diploma in Environmental Planning.  
Experience & Expertise: Appointed as Director 23 March 2020. Retired after a 38 year career in local government in SA and NSW, including urban planning, project management, strategic planning, leadership and CEO.

### Steven James

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Title: Treasurer  
Qualifications: Bachelor of Commerce, Diploma of Applied Finance, Registered Tax Agent  
Experience & Expertise: Board member of several local community organisations, over 30 years accounting experience.

### Diana Smith

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Title: Non-Executive Director  
Qualifications: Bachelor of Education, Diploma in Teaching, Diploma in Export Management, Graduate Diploma in Agriculture  
Experience & Expertise: Experience in education, including international education and small business management, active involvement with many local organisations.

### Mark Carr

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Title: Non-Executive Director  
Qualifications:  
Experience & Expertise: 40 years owning and operating farm supplies, seafood and fishing businesses.

### Caitlin Noonan

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Title: Non-Executive Director  
Qualifications: Bachelor of Laws and Bachelor of Commerce (Management)  
Experience & Expertise: Former commercial lawyer and experience as a member of the governing bodies of several community organisations, appointed 29 April 2019.



# Directors' report (continued)

## Board of Directors (continued)

### Terri Christensen

Title: Non-Executive Director  
Qualifications: Bachelor of Arts in Business Administration  
Experience & Expertise: Resigned as a Director 30/06/2023. Experience in marketing & communications management, prior experience as director & secretary of a Bendigo Bank branch.

### Timothy Gurney

Title: Non-Executive Director  
Qualifications: Diploma of Management, Diploma in Transport & Logistics, Diploma in Front Line Management  
Experience & Expertise: Appointed as Director 15 March 2021. 28yrs in commodity storage and management across SA, NSW & Vic. Business development/building port infrastructure associated with multiple revenue streams aligned to client/user functions.

### Georgia Brazenall

Title: Non-Executive Director  
Qualifications:  
Experience & Expertise: Appointed as Director 01/01/2023. Resigned as Director 06/04/2023.

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

No Directors have material interests in contracts or proposed contracts with the company.

## Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Rob Donaldson	11	10	3	3
Steven James	11	11	3	3
Diana Smith	11	9	-	-
Mark Carr	11	7	-	-
Caitlin Noonan	11	8	3	3
Terri Christensen	11	10	3	2
Timothy Gurney	11	8	-	-
Georgia Brazenall	3	2	-	-

A - The number of meetings eligible to attend.

B - The number of meetings attended.

-- Not a member of that committee.



# Directors' report (continued)

## Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

### Caitlin Noonan

Qualifications: Bachelor of Laws and Bachelor of Commerce (Management)

Experience & Expertise: Caitlin Noonan has been the Company Secretary of Port Lincoln Community Enterprises Limited since 7 November 2019. Caitlin's qualifications and experience include a Bachelor of Laws and Bachelor of Commerce (Management), former commercial lawyer and experience as a member of the governing bodies of several community organisations.

## Principal Activities

The principal activities of the company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

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

## Operating Results

The profit of the company for the financial year after provision for income tax was:

	30 June 2023 (\$)	30 June 2022 (\$)	Movement
Profit After Tax	214,846	158,533	36%

## 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.

## Director's Interests

Director	Fully Paid Ordinary Shares		
	Balance at July 1 2022	Changes During the Year	Balance at 30 June 2023
Rob Donaldson	-	-	-
Steven James	7,502	-	7,502
Diana Smith	-	-	-
Mark Carr	5,000	-	5,000
Caitlin Noonan	-	-	-
Terri Christensen	19,401	-	19,401
Georgia Brazenall	-	-	-
Timothy Gurney	-	-	-

## Directors' report (continued)

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### Dividends

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

	Cents per Share	Total Amount (\$)
Final fully franked dividend	10	90,001
<b>Total Amount</b>	<b>10</b>	<b>90,001</b>

### Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

### Significant Changes in the State of Affairs

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

### Events Since the end of the Financial Year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the company, the results of those operations or the state of affairs of the company, in future financial years.

### Likely Developments

The company will continue its policy of providing banking services to the community.

### Environmental Regulations

The company is not subject to any significant environmental regulation.

### Indemnification & Insurance of Directors & Officers

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

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The company has not provided any insurance for an auditor of the company or a related body corporate.

### 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*.

## Directors' report (continued)

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### 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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 28 to the accounts.

The Board of Directors has considered the non-audit services provided during the year by the auditor and 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services 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 on page 11 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Port Lincoln, SA.



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**Steven James**  
Director

Dated this 15th day of September 2023

# Auditor's independence declaration



41A Breen Street  
Bendigo, Victoria  
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550  
admin@rsdaudit.com.au  
www.rsdaudit.com.au

## **Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Port Lincoln Community Enterprises Limited**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Port Lincoln Community Enterprises Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

### **RSD Audit**

A handwritten signature in black ink, appearing to be 'J. Porker', written over a light grey circular background.

**Josh Porker**  
**Partner**  
41A Breen Street  
Bendigo VIC 3550

**Dated:** 18 September 2023

# Financial statements

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

	Note	2023 \$	2022 \$
<b>Revenue</b>			
Revenue from contracts with customers	7	2,497,273	1,892,517
Other revenue	8	36,658	29,503
Finance income	9	9,890	1,179
		<b>2,543,821</b>	<b>1,923,199</b>
<b>Expenses</b>			
Employee benefits expense	10	(864,363)	(884,940)
Depreciation and amortisation	10	(103,755)	(103,284)
Finance costs	10	(16,006)	(18,821)
Bad and doubtful debts expense		-	(149)
Administration and general costs		(154,904)	(109,147)
Occupancy expenses		(43,922)	(52,417)
IT expenses		(22,582)	(25,572)
Freight expenses		(11,502)	(9,354)
Other expenses		(52,121)	(75,797)
		<b>(1,269,154)</b>	<b>(1,279,481)</b>
<b>Operating profit before charitable donations and sponsorship</b>		<b>1,274,667</b>	<b>643,718</b>
Charitable donations and sponsorship		(978,793)	(439,457)
<b>Profit before income tax</b>		<b>295,874</b>	<b>204,261</b>
Income tax expense	11	(81,028)	(45,728)
<b>Profit for the year after income tax</b>		<b>214,846</b>	<b>158,533</b>
<b>Total comprehensive income for the year</b>		<b>214,846</b>	<b>158,533</b>
Profit attributable to the ordinary shareholders of the company		214,846	158,533
<b>Total comprehensive income attributable to ordinary shareholders of the company</b>		<b>214,846</b>	<b>158,533</b>
<b>Earnings per share</b>		<b>¢</b>	<b>¢</b>
- basic and diluted earnings per share	30	23.87	17.61

The accompanying notes form part of these financial statements

## Financial statements (continued)

### Statement of financial position for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	12	368,132	531,640
Trade and other receivables	13	219,293	177,070
Financial assets	14	715,332	408,422
Other assets	15	15,171	12,929
<b>Total current assets</b>		<b>1,317,927</b>	<b>1,130,061</b>
<b>Non-current assets</b>			
Property, plant and equipment	16	93,496	114,198
Right-of-use assets	17	314,356	362,794
Intangible assets	18	68,510	9,061
Deferred tax assets	19	29,212	27,563
<b>Total non-current assets</b>		<b>505,574</b>	<b>513,616</b>
<b>Total assets</b>		<b>1,823,501</b>	<b>1,643,677</b>
<b>Current liabilities</b>			
Trade and other payables	20	104,206	71,360
Current tax liability	19	61,319	35,897
Lease liabilities	21	70,121	60,272
Employee benefits	22	117,144	94,822
<b>Total current liabilities</b>		<b>352,790</b>	<b>262,351</b>
<b>Non-current liabilities</b>			
Trade and other payables	20	43,768	-
Lease liabilities	21	242,602	326,408
Employee benefits	22	18,038	13,461
<b>Total non-current liabilities</b>		<b>304,408</b>	<b>339,869</b>
<b>Total liabilities</b>		<b>657,199</b>	<b>602,220</b>
<b>Net assets</b>		<b>1,166,302</b>	<b>1,041,457</b>
<b>Equity</b>			
Issued capital	23	900,008	900,008
Retained earnings	24	266,294	141,449
<b>Total equity</b>		<b>1,166,302</b>	<b>1,041,457</b>

The accompanying notes form part of these financial statements

## Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2021</b>		900,008	72,917	972,925
<i>Comprehensive income for the year</i>				
Profit for the year		-	158,533	158,533
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	29	-	(90,001)	(90,001)
<b>Balance at 30 June 2022</b>		<b>900,008</b>	<b>141,449</b>	<b>1,041,457</b>
<b>Balance at 1 July 2022</b>		900,008	141,449	1,041,457
<i>Comprehensive income for the year</i>				
Profit for the year		-	214,846	214,846
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	29	-	(90,001)	(90,001)
<b>Balance at 30 June 2023</b>		<b>900,008</b>	<b>266,294</b>	<b>1,166,302</b>

The accompanying notes form part of these financial statements



## Financial statements (continued)

### Statement of cash flows for the year ended 30 June 2023

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		2,488,729	2,108,018
Payments to suppliers and employees		(2,097,550)	(1,767,777)
Interest received		9,890	1,179
Income tax paid		(57,254)	(1,678)
<b>Net cash flows provided by operating activities</b>	<b>25b</b>	<b>343,815</b>	<b>339,742</b>
<b>Cash flows from investing activities</b>			
Purchase of intangibles		(14,589)	-
Purchase of property, plant and equipment		(4,280)	(26,740)
Purchase of investments		(307,207)	(1,222)
<b>Net cash flows used in investing activities</b>		<b>(326,076)</b>	<b>(27,962)</b>
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(91,248)	(57,623)
Dividends paid		(90,001)	(90,001)
<b>Net cash flows used in financing activities</b>		<b>(181,249)</b>	<b>(147,624)</b>
<b>Net increase/(decrease) in cash held</b>		<b>(163,510)</b>	<b>164,156</b>
Cash and cash equivalents at beginning of financial year		531,641	367,484
<b>Cash and cash equivalents at end of financial year</b>	<b>25a</b>	<b>368,132</b>	<b>531,640</b>

The accompanying notes form part of these financial statements

# Notes to the financial statements

For the year ended 30 June 2023

## Note 1. Corporate Information

These financial statements and notes represent those of Port Lincoln Community Enterprises Ltd (the Company) as an individual entity. Port Lincoln Community Enterprises Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 11 September 2023.

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

## Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

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

## Note 3. Summary of Significant Accounting Policies

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

### (a) Economic Dependency

Port Lincoln Community Bank  
34 Liverpool Street Port Lincoln SA 5606

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

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

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

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

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (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
- 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.

#### (b) Revenue From Contracts With Customers

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

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

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

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

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

#### *Revenue Calculation*

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

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

#### *Margin*

Margin is arrived at through the following calculation:

Interest paid by customers on loans, less interest paid to customers on deposits

*plus*

Deposit returns (i.e. interest return applied by BABL on deposits)

*minus*

Any costs of funds (i.e. interest applied by BABL to fund a loan)

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

#### *Commission*

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

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

# Notes to the financial statements (continued)

## Note 3. Summary of Significant Accounting Policies (continued)

### *Fee Income*

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

### *Core Banking Products*

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

### *Ability to Change Financial Return*

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

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

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

### **(c) Other Revenue**

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

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

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

### *Discretionary Financial Contributions*

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

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

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

### **(d) Employee Benefits**

#### *Short-term Employee Benefits*

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

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

# Notes to the financial statements (continued)

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## Note 3. Summary of Significant Accounting Policies (continued)

### *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 estimate future cash outflows.

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

### **(e) Tax**

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

#### *Current Income Tax*

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

#### *Deferred Tax*

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

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

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

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

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

#### *Goods & Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.
- when receivables and payables are stated with the amount of GST included.

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

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

### **(f) Cash & Cash Equivalents**

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### **(g) Property, Plant & Equipment**

#### *Recognition & Measurement*

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

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

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (continued)

#### *Subsequent Expenditure*

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

#### *Depreciation*

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

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

Asset Class	Method	Useful Life
Leasehold improvements	Straight line	10 years
Furniture and fittings	Straight line	5 years
Motor vehicles	Straight line	5 years
Franchise fees	Straight line	5 years
Borrowing costs	Straight line	5 years

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

#### **(h) Intangible Assets**

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

#### *Recognition & Measurement*

Intangible assets acquired separately are measured on initial recognition at cost.

#### *Subsequent Expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

#### *Amortisation*

Intangible assets 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
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

#### **(i) Financial Instruments**

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

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

# Notes to the financial statements (continued)

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## Note 3. Summary of Significant Accounting Policies (continued)

### *Recognition & Initial Measurement*

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

### *Classification & Subsequent Measurement*

#### Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

#### Financial Assets - Business Model Assessment

The company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

#### Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

#### Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

### *Derecognition*

#### Financial Assets

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

#### Financial Liabilities

The company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.



# Notes to the financial statements (continued)

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## Note 3. Summary of Significant Accounting Policies (continued)

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

### *Offsetting*

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

## **(j) Impairment**

### *Non-derivative Financial Instruments*

The company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's 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.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

### Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance 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 and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide 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 and Adelaide Bank and found no instances of default. As a result no impairment loss allowance 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 amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

## **(k) Issued Capital**

### *Ordinary Shares*

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

## **(l) Leases**

### *As Lessee*

At commencement or on modification of a contract that contains a lease component, the company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the company by the end of the lease term or the costs of the right-of-use asset reflects that the company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

## Notes to the financial statements (continued)

### Note 3. Summary of Significant Accounting Policies (continued)

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate.

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

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

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

#### *Short-term Leases & Leases of Low-value Assets*

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

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

#### *As Lessor*

The company has not been a party in an arrangement where it is a lessor.

#### **(m) Standards Issued But Not Yet Effective**

There are no new standards effective for annual reporting periods beginning after 1 January 2020 that are expected to have a significant impact on the company's financial statements.

#### **(n) Comparative Figures**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### Note 4. Significant Accounting Judgements, Estimates & Assumptions

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

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

#### **(a) Judgements**

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

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time

## Notes to the financial statements (continued)

### Note 4. Significant Accounting Judgements, Estimates & Assumptions (continued)

Note	Judgement
Note 21 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including: <ul style="list-style-type: none"> <li>· the amount</li> <li>· the lease term</li> <li>· economic environment</li> <li>· any other relevant factors</li> </ul>

#### (b) Assumptions & Estimation Uncertainty

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

Note	Assumption
Note 19 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 22 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases through promotion and inflation

### Note 5. Financial Risk Management

The company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

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 utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

#### (a) Credit Risk

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

The company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

#### (b) Liquidity Risk

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

## Notes to the financial statements (continued)

### Note 5. Financial Risk Management (continued)

The following are the remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2023	Contractual Cash Flows			
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	312,723	82,800	261,214	-

#### (c) Market Risk

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

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

##### *Price Risk*

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

##### *Cash Flow & Fair Values Interest Rate Risk*

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of \$368,132 at 30 June 2023 (2022: \$531,641). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

### Note 6. Capital Management

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

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

The distribution limit is the greater of:

- 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 year ended 30 June 2021 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 7. Revenue From Contracts With Customers

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

## Notes to the financial statements (continued)

### Note 7. Revenue From Contracts With Customers (continued)

	2023 \$	2022 \$
<i>Revenue</i>		
- Revenue from contracts with customers	2,497,273	1,892,518
	<b>2,497,273</b>	<b>1,892,518</b>
<i>Disaggregation of Revenue From Contracts With Customers</i>		
- Margin income	2,130,844	1,551,748
- Fee income	122,231	113,641
- Commission income	244,198	227,128
	<b>2,497,273</b>	<b>1,892,517</b>

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

### Note 8. Other Revenue

	2023 \$	2022 \$
<i>Other Revenue</i>		
- Other income	36,658	29,503
	<b>36,658</b>	<b>29,503</b>

### Note 9. Finance Income

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

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

	2023 \$	2022 \$
<b>Finance Income</b>		
<i>At amortised cost:</i>		
- Interest from term deposits	9,890	1,179
	<b>9,890</b>	<b>1,179</b>

### Note 10. Expenses

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

#### (a) Employee Benefits Expense

	2023 \$	2022 \$
<i>Employee Benefits Expense</i>		
- Wages & salaries	708,159	742,911
- Superannuation costs	86,912	77,584
- Other expenses related to employees	69,292	64,445
	<b>864,363</b>	<b>884,940</b>

## Notes to the financial statements (continued)

### Note 10. Expenses (continued)

#### (b) Depreciation & Amortisation Expense

	2023 \$	2022 \$
<i>Depreciation of Non-current Assets</i>		
- leasehold improvements	18,321	17,033
- furniture and fittings	6,660	9,935
	<b>24,981</b>	<b>26,968</b>
<i>Depreciation of Right-of-use Assets</i>		
- leased buildings	65,278	63,095
	<b>65,278</b>	<b>63,095</b>
<i>Amortisation of Intangible Assets</i>		
- franchise fees	13,496	13,221
	<b>13,496</b>	<b>13,221</b>
<b>Total depreciation &amp; amortisation expense</b>	<b>103,755</b>	<b>103,284</b>

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the company's accounting policy (see Note 3(g) and 3(h) for details).

#### (c) Finance Costs

	2023 \$	2022 \$
<i>Finance Costs</i>		
- Interest paid	16,006	18,821
	<b>16,006</b>	<b>18,821</b>

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

#### (d) Community Investments & Sponsorship

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

	Note	2023 \$	2022 \$
<i>Community Investments &amp; Sponsorship</i>			
- Direct sponsorship and grant payments		178,793	79,457
- Contribution to the Community Enterprise Foundation™	10(e)	800,000	360,000
		<b>978,793</b>	<b>439,457</b>

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

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.

#### (e) Community Enterprise Foundation™ Contributions

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

## Notes to the financial statements (continued)

### Note 10. Expenses (continued)

	Note	2023 \$	2022 \$
<i>Disaggregation of CEF Funds</i>			
Opening balance		1,159,451	968,174
Contributions paid - Donation	10(d)	800,000	360,000
Contributions paid - Other		51,956	56,842
Grants paid out		(467,685)	(162,050)
Interest received		24,056	5,559
GST		26,644	(30,017)
Management fees incurred		(42,101)	(18,946)
Market movement in Wholesale Funds		(4,141)	(20,111)
<b>Balance available for distribution</b>		<b>1,548,180</b>	<b>1,159,451</b>

### Note 11. Income Tax Expense

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

#### (a) The Components of Tax Expense

	2023 \$	2022 \$
Current tax expense	82,676	56,835
Deferred tax expense	(1,648)	(5,770)
Under / (over) provision of prior years	-	(5,337)
	<b>81,028</b>	<b>45,728</b>

#### (b) Prima Facie Tax Payable

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

	2023 \$	2022 \$
Prima facie tax on profit before income tax at 25% (2022: 25%)	73,968	51,065
Add Tax Effect Of:		
- Under / (over) provision of prior years	-	(5,337)
<b>Income tax attributable to the entity</b>	<b>73,968</b>	<b>45,728</b>
The applicable weighted average effective tax rate is:	27.39%	22.39%

### Note 12. Cash & Cash Equivalents

	2023 \$	2022 \$
Cash at bank and on hand	368,132	531,640
	<b>368,132</b>	<b>531,640</b>

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.



## Notes to the financial statements (continued)

### Note 13. Trade & Other Receivables

	2023 \$	2022 \$
<b>Current</b>		
Trade receivables	219,293	177,070
	<b>219,293</b>	<b>177,070</b>

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

### Note 14. Financial Assets

	2023 \$	2022 \$
<i>At Amortised Cost</i>		
Term deposits	715,332	408,422
	<b>715,332</b>	<b>408,422</b>

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

### Note 15. Other Assets

	2023 \$	2022 \$
Prepayments	11,933	12,670
Accrued income	3,238	259
	<b>15,171</b>	<b>12,929</b>

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

### Note 16. Property, Plant & Equipment

#### (a) Carrying Amounts

	2023 \$			2022 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Leasehold improvements	434,086	(351,478)	82,608	434,086	(333,567)	100,519
Furniture & fittings	115,162	(104,274)	10,888	110,882	(97,203)	13,679
Computer software	10,409	(10,409)	-	10,409	(10,409)	-
	<b>559,657</b>	<b>(466,161)</b>	<b>93,496</b>	<b>555,377</b>	<b>(441,179)</b>	<b>114,198</b>

#### (b) Movements in Carrying Amounts

	Leasehold Imp. \$	Furniture & Fittings \$
2023		
Opening carrying value	100,519	13,679
Additions	-	4,280
Depreciation expense	(17,911)	(7,071)
<b>Closing carrying value</b>	<b>82,608</b>	<b>10,888</b>

## Notes to the financial statements (continued)

### Note 16. Property, Plant & Equipment (continued)

2022	Leasehold Imp. \$	Furniture & Fittings \$
Opening carrying value	99,357	15,068
Additions	18,195	8,545
Disposals	-	-
Depreciation expense	(17,033)	(9,934)
<b>Closing carrying value</b>	<b>100,519</b>	<b>13,679</b>

#### (c) Capital Expenditure Commitments

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

#### (d) Changes in Estimates

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

### Note 17. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The company's lease portfolio includes buildings.

#### Options to Extend or Terminate

"The option to extend or terminate are contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset."

#### AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	335,859	335,859
Accumulated depreciation	(21,503)	(21,503)
	<b>314,356</b>	<b>314,356</b>

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
- Previously classified as operating leases	335,859	335,859
Depreciation expense	(21,503)	(21,503)
<b>Net carrying amount</b>	<b>314,356</b>	<b>314,356</b>

## Notes to the financial statements (continued)

### Note 17. Right-of-use Assets (continued)

AASB 16 Amounts Recognised in the Statement of Profit & Loss & Other Comprehensive Income

	2023 \$	2022 \$
Depreciation expense related to right-of-use assets	21,503	63,095
Interest expense on lease liabilities	16,006	18,821

### Note 18. Intangible Assets

#### (a) Carrying Amounts

	2023			2022		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	72,947	(4,437)	68,510	76,111	(67,050)	9,061
	<b>72,947</b>	<b>(4,437)</b>	<b>68,510</b>	<b>76,111</b>	<b>(67,050)</b>	<b>9,061</b>

#### (b) Movements in Carrying Amounts

	Franchise Fees \$
2023	
Opening carrying value	72,947
Amortisation expense	(4,437)
<b>Closing carrying value</b>	<b>68,510</b>

	Franchise Fees \$
2022	
Opening carrying value	22,282
Amortisation expense	(13,221)
<b>Closing carrying value</b>	<b>9,061</b>

### Note 19. Tax Assets & Liabilities

#### (a) Current Tax

	2023 \$	2022 \$
Income tax payable/(refundable)	61,319	35,896

#### (b) Deferred Tax

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

	30 June 2022 \$	Recognised in P & L \$	30 June 2023 \$
<i>Deferred Tax Assets</i>			
- Expense accruals	3,565	1,864	5,429
- Right of use asset and lease liabilities	5,972	(5,972)	-
- Employee provisions	27,071	6,725	33,796
<b>Total deferred tax assets</b>	<b>36,608</b>	<b>2,617</b>	<b>39,225</b>

## Notes to the financial statements (continued)

### Note 19. Tax Assets & Liabilities (continued)

	30 June 2022 \$	Recognised in P & L \$	30 June 2023 \$
<i>Deferred Tax Liabilities</i>			
- Right of use asset and lease liabilities	-	408	408
- Accrued income	65	744	809
- Prepayments	3,168	(184)	2,984
- Property, plant & equipment	5,812	-	5,812
<b>Total deferred tax liabilities</b>	<b>9,045</b>	<b>968</b>	<b>10,013</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>27,563</b>	<b>1,649</b>	<b>29,212</b>

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

	30 June 2021 \$	Recognised in P & L \$	30 June 2022 \$
<i>Deferred Tax Assets</i>			
- Expense accruals	3,803	(238)	3,565
- Right of use asset and lease liabilities	-	5,972	5,972
- Employee provisions	23,453	3,618	27,071
<b>Total deferred tax assets</b>	<b>27,256</b>	<b>9,352</b>	<b>36,608</b>
<i>Deferred Tax Liabilities</i>			
- Right of use asset and lease liabilities	734	(734)	-
- Accrued income	75	(10)	65
- Prepayments	4,179	(1,011)	3,168
- Property, plant & equipment	5,812	-	5,812
<b>Total deferred tax liabilities</b>	<b>10,800</b>	<b>(1,755)</b>	<b>9,045</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>16,456</b>	<b>11,107</b>	<b>27,563</b>

### Note 20. Trade & Other Payables

	2023 \$	2022 \$
<b>Current</b>		
Trade creditors	27,104	11,819
Other creditors and accruals	77,102	59,541
<b>Non-Current</b>		
Other creditors and accruals	43,768	-
	<b>147,974</b>	<b>71,360</b>

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

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

## Notes to the financial statements (continued)

### Note 21. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.5%.

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

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

#### (a) Lease Portfolio

The company's lease portfolio includes:

Lease	Details
34 Liverpool Street Port Lincoln	The lease agreement is a non-cancellable lease with a term of 5 years. The lease has a first renewal term of 5 years from 11th March 2023 to 10th March 2028

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

#### (b) Lease Liabilities

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

	2023 \$	2022 \$
Current	70,121	60,272
Non-current	242,602	326,408

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

	Minimum lease payments due				Total
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	
<b>30 June 2023</b>					
Lease payments	82,800	82,800	178,414	-	344,014
Finance charges	(12679)	(9423)	(9189)	-	(31291)
<b>Net present values</b>	<b>70,121</b>	<b>73,377</b>	<b>169,225</b>	<b>-</b>	<b>312,723</b>
<b>30 June 2022</b>					
Lease payments	76,446	76,446	229,338	57,335	439,565
Finance charges	(16174)	(13442)	(22307)	(962)	(52885)
<b>Net present values</b>	<b>60,272</b>	<b>63,004</b>	<b>207,031</b>	<b>56,373</b>	<b>386,680</b>

### Note 22. Employee Benefits

	2023 \$	2022 \$
<b>Current</b>		
Provision for annual leave	54,560	43,767
Provision for long service leave	62,584	51,055
	<b>117,144</b>	<b>94,822</b>

## Notes to the financial statements (continued)

### Note 22. Employee Benefits (continued)

	2023 \$	2022 \$
<b>Non-Current</b>		
Provision for long service leave	18,038	13,461
	<b>18,038</b>	<b>13,461</b>

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

#### *Employee Attrition Rates*

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

### Note 23. Issued Capital

#### (a) Issued Capital

	2023		2022	
	Number	\$	Number	\$
Ordinary shares - fully paid	900,008	900,008	900,008	900,008
	<b>900,008</b>	<b>900,008</b>	<b>900,008</b>	<b>900,008</b>

Ordinary shares are classified as equity.

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

#### (b) Movements in share capital

	2023 \$	2022 \$
<i>Fully paid ordinary shares:</i>		
At the beginning of the reporting period	900,008	900,008
<b>At the end of the reporting period</b>	<b>900,008</b>	<b>900,008</b>

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

### Note 24. Retained Earnings

	Note	2023 \$	2022 \$
Balance at the beginning of the reporting period		141,449	72,917
Profit for the year after income tax		214,846	158,533
Dividends paid	29	(90,001)	(90,001)
<b>Balance at the end of the reporting period</b>		<b>266,294</b>	<b>141,449</b>

## Notes to the financial statements (continued)

### Note 25. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to that shown in the Statement of Cash Flows as follows:

	Note	2023 \$	2022 \$
Cash and cash equivalents	12	368,132	531,640
<b>As per the Statement of Cash Flows</b>		<b>368,132</b>	<b>531,640</b>

### (b) Reconciliation of cash flow from operations with profit/loss after income tax

	2023 \$	2022 \$
Profit for the year after income tax	214,846	158,533
Non-cash flows in profit		
- Depreciation	90,709	90,062
- Amortisation	13,496	13,221
- Net (profit) / loss on disposal of property, plant & equipment	-	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	(42,223)	(3,417)
- (Increase) / decrease in prepayments and other assets	(2,242)	4,090
- (Increase) / decrease in deferred tax asset	(1,649)	(11,109)
- Increase / (decrease) in trade and other payables	18,558	18,733
- Increase / (decrease) in current tax liability	25,423	55,158
- Increase / (decrease) in provisions	26,897	14,471
<b>Net cash flows from operating activities</b>	<b>343,815</b>	<b>339,742</b>

### Note 26. Financial Instruments

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

	Note	2023 \$	2022 \$
<b>Financial Assets</b>			
Trade and other receivables	13	219,293	177,070
Cash and cash equivalents	12	368,132	531,640
Term deposits	14	715,332	408,422
		<b>1,302,756</b>	<b>1,117,132</b>
<b>Financial Liabilities</b>			
Trade and other payables	20	147,974	71,360
Lease liabilities	21	312,723	386,680
		<b>460,697</b>	<b>458,040</b>

## Notes to the financial statements (continued)

### Note 27. Related Parties

#### (a) Key Management Personnel

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

#### (b) Key Management Personnel Compensation

The totals of remuneration for services as a company director or committee member paid during the year are as follows:

	2023 \$	2022 \$
Short-term employee benefits	13,260	13,400

#### *Short-term Employee Benefits*

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

#### (c) Other Related Parties

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

#### (d) Transactions With Key Management Personnel & Related Parties

During the year, the company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
RSM - Steven James	Accounting and share registry	25,272

#### (e) Key Management Personnel Shareholdings

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

#### (f) Other Key Management Transactions

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

### Note 28. Auditor's Remuneration

The appointed auditor of Port Lincoln Community Enterprises Ltd for the year ended 30 June 2023 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2023 \$	2022 \$
<i>Audit &amp; Review Services</i>		
Audit and review of financial statements (RSD Audit)	5,300	5,300
<b>Total auditor's remuneration</b>	<b>5,300</b>	<b>5,300</b>



## Notes to the financial statements (continued)

### Note 29. Dividends

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

	2023		2022	
	Number	\$	Number	\$
Fully franked dividend	900,008	90,001	900,008	90,001
<b>Dividends provided for and paid during the year</b>	<b>900,008</b>	<b>90,001</b>	<b>900,008</b>	<b>90,001</b>

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

### Note 30. Earnings Per Share

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

	2023	2022
	\$	\$
Profit attributable to ordinary shareholders	214,846	158,533

  

	Number	Number
	Weighted average number of ordinary shares	900,008

  

	¢	¢
	Basic and diluted earnings per share	23.87

### Note 31. Events After the Reporting Period

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

### Note 32. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 21. Details about any capital commitments are detailed in Note 16(c).

The company has no other commitments requiring disclosure.

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

### Note 33. Company Details

The registered office of the company is:

Port Lincoln Community Enterprises Ltd

9-11 Mortlock Terrace, Port Lincoln SA 5606

The principal place of business is:

Bendigo Bank Port Lincoln

34 Liverpool Street, Port Lincoln SA 5606

# Directors' declaration

For the financial year ended 30 June 2023

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

In the opinion of the directors:

- (a) The financial statements and notes of the company are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
  - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable

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



---

**Steven James**  
Director

Dated this 15th day of September 2023

# Independent audit report



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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT LINCOLN COMMUNITY ENTERPRISES LIMITED

### REPORT ON THE AUDIT OF THE FINANCIAL REPORT

#### Opinion

We have audited the financial report of Port Lincoln Community Enterprises Limited (the Company), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Port Lincoln 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 and its cash flows for the year then ended; and
- (ii) complying with Australian Accounting Standards.

#### 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 Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) 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 opinion.

#### Other Information

The directors are responsible for the 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. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Richmond Sinnott & Delahunty, trading as RSD Audit  
ABN 60 616 244 309  
Liability limited by a scheme approved under Professional Standards Legislation



## Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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.

## Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

## RSD Audit

A handwritten signature in blue ink, appearing to read 'J. Porker'.

**Josh Porker**  
Principal

Dated: 18 September 2023.

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