Annual Report 2023

Stanthorpe Regional Community Financial Services Limited

ABN 48 605 478 680

Contents

Chairman's Report

For the year ending 30th June 2023

It is my pleasure to present this, the eighth Annual Report of Stanthorpe Regional Community Financial Services Limited, better known in this area as the Community Bank Stanthorpe.

It is hard to believe that we have been operational since February 2016. It now feels as though we are really starting to be recognised for what we are doing, achieving, and providing in this Community. This last financial year has seen a dramatic turnaround in our financial situation. This can be seen in our accompanying financial statements and is directly attributable to a combination of items. The increase in margin paid to our Company by the Franchisor, and the hard work and dedication of our Staff and Directors. Support from the Community is also growing with our customer numbers growing by 6.87%, Deposits by 33.2% and Lending down by 9.1% over this past year. The year has seen people taking advantage of the higher real estate prices, selling, clearing or reducing debt.

Our staff, led by Branch Manager, Kurt Empen, supported by Customer Relationship Officer Tania Cobon, Customer Service Officers, Danielle Andreatta, Marina Waterworth and Carmen Patane are the face of our business. Comments from members of the public, customers and shareholders, to myself and other Directors indicate that we have a professional, efficient, and friendly team. They are a very hardworking and knowing the issues that are associated with banking these days, in particular, fraud, compliance and customer service, all at the same time, they are to be congratulated.

Your Directors, Catherine Orford, Leeanne Gangemi, Jim Barnes, Todd Sutherland and myself have over the past year have met on a regular basis to discuss and plan the future direction of the business. This is ongoing and further business planning sessions, budget reviews, along with our regular monthly Board Meetings are already set down for this coming year. Our support to many and varied Community Groups and Organisations has resulted in numerous invitations to attend events throughout the year. We try to provide someone, be it Staff or a Director to attend these events. Since the Community Bank Stanthorpe has been in operation, it, together with the Bendigo Community Enterprise Foundation, have provided approximately $400000 to local Community Groups, and this has assisted in raising the profile of our business. This assistance has been of immense support to those Organisations and individuals who desperately require that financial help which is so needed.

In February of this year we celebrated, not only with a birthday party but also with the payment to our shareholders of a dividend. With the successful year we have had we will be paying a further dividend at our Birthday party in February 2024. February was a big month as I had the honour of officially opening our local Agricultural Show, of which we were the Major, and Naming rights Sponsor. This sponsorship and the sponsorship of the Snowflakes Festival has definitely raised our profile in the Community.

We are currently in discussions with Bendigo regarding the way in which we pay our staff, who are employed under the Banking Finance and Insurance Award. The full details of the proposed Community Workplace Agreement, and the possible pros and cons for both the Staff and the Business are presently under consideration. Finalisation of this will happen within the near future.

The face of banking is changing, and changing fast, and as a result our business has to keep pace with this change. Digital banking is the way of the future, but I believe that there will always be a need, and a place for face to face banking. There are people who have never used the face to face facility but once they do they understand that many frustrations are removed, and therefore offering both types of banking gives us a competitive edge. We Community Bank Stanthorpe, the Staff and the Directors are making a difference.

I am proud to be Chairman of Stanthorpe Regional Community Financial Services Limited.

Don Gaske
Chairman

Jim Barnes, Catherine Orford, Don Gaske, Leeanne Gangemi, Todd Sutherland.

Manager's Report

For the year ending 30th June 2023

Interest rates; rental shortages and higher cost of living, and scams continue to be the most talked about issues we face right now in banking. As I write this report, Reserve Bank Cash rates increases have been paused for the 2nd month running and our customers are navigating what this means to them as investors and borrowers. We as finance professionals are here to assist our customers in protecting their assets and growing their wealth.

The profits of the branch have been helped again by increased margins coming off record lows. COVID19 issues have dwindled despite a few cases. We are evidencing many new residents who have made the big life change and moved to our beautiful part of the country.

Our Community Bank has had a brand refresh and Bendigo Bank also refreshed the computer equipment this year so we are working now with fresh equipment and a fresh looking branch sporting the Bendigo Bank colours. That same friendly service hasn't changed and we remain open for business Mon-Thurs (9:30am-4:30pm) and Fridays (9:30am-5:00pm). More & more customers are choosing to bank with our Community Bank and many are choosing the digital options for routine transfers, bank balance checks etc. We remain ready to assist customers with setting up digital banking, explaining the convenience of it, cash & cheque transactions, larger transfers of money and travel, home & contents, vehicle & business insurance, wealth, superannuation and investment decisions.

While attempted scams are a much-heightened concern these days, the friendly staff at your Community Bank take every opportunity to inform and remind customers of the importance of safety when it comes to electronic banking.

Our Branch team remains highly skilled with many years of banking experience between Customer Relationship Officer Tania Cobon, Customer Service Officer Danielle Andreatta and in December we welcomed Customer Service Officer Marina Waterworth to our team.

In July this year, Carmen Patane joined our team as a new Customer Service Officer and has already quickly adapted her varied skills to banking.

I am very proud to lead this great team of professionals. We remain well supported and led by our Regional Manager Vicki Brown and other regional staff.

We thank Karen Turnley for her 15 months of friendly care & service to customers and fellow workers, as she departs our team. Best wishes Karen.

We are a full service branch of the bank providing personal and business lending, general banking insurance and wealth and access to Business and Agri Lenders who regularly service the Granite Belt. Mathew Cullen is the local Business Banker.

Our rural farming community remains a strong employer and big source of wealth for the area. The new Agribusiness Relationship Manager for Rural Bank is Colin Butler who lives on the Southern Downs.

In May Tania Cobon was awarded a Rotary Pride of Workmanship Award nominated by the branch for her dedication to her customers and her specialist role which fits in with the mantra, "Do it Once - Do it well". Congratulations Tania.

We continue to co-promote and back the "Why Leave Town" cards which is a successful local project proudly sponsored by our Community Bank and the local Chamber of Commerce.

This approaching Christmas gives us another way to help keep spending on the Granite Belt and this is contributing to our community's wealth.

This year the bank decided to cease supply of the much used Community Eftpos machine in favour of a more permanent solution for our Not-For-Profit groups in the district, with our partners “Tyro” we now can offer groups a Tyro EFTPOS unit free of upfront cost - just transaction charges when its used.

In this way our community groups that use these infrequently for events can have a machine of their own 365 days of the year. There is also a Go-Pro option (similar to Square) with a cost.

We continue to “tell our story” of your Community Bank Stanthorpe, its local history, its connection with Bendigo & Adelaide Bank Group and its growth since 1858.

Community Bank Stanthorpe feeds into the prosperity of our customers and communities in which we operate, not off it.

Our customers are well looked after when they bank with their local “Community Bank Stanthorpe”. This is a team I’m proud of - your great Bank on the Granite Belt.

Kurt Empen
Branch Manager

Kurt Empen, Tania Cobon, Marina Waterworth, Carmen Patane, Danielle Andreatta.

OUR VISION

To be the most approchable, visible and customer connected bank in the Stanthorpe region

OUR MISSION STATEMENT

To provide continued personalised, professional service by building on the existing client base, increasing the profitability of the Stanthorpe **Community Bank** branch for the benefit of the customers, shareholders and community projects.

OBJECTIVES

To have a community working together to achieve common objectives;

To build a team within the community to coordinate major initivates and projects;

To be broadly representative and link to appropriate formal and informal community groups to assist and support initiatives;

To provide strong leadership by the community, in the community and for the community.

Community Bank Report 2022

BEN Message

Community Bank Report 2023
BEN Message
August 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.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Stanthorpe Regional Community Financial Services Ltd
Directors' report
30 June 2023

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

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

Name:	Donald Charles Gaske
Title:	Non-executive director
Experience and expertise:	Don has spent 55 years in the banking, finance, insurance and financial planning industries. 21 years with a major Australian bank, roles included Branch Accountant and Branch Manager. Associate of the Financial Planning Association of Australia 1999-2013, Financial Planning PS 146, 2005. Previously owner/operator of the Bendigo Bank Agency in Stanthorpe, commenced 1992. Has spent 28 years as a prime lamb producer, 16 years as a lavender grower and retailer. Rotarian since 1985. He is a Commissioner for Declarations.
Special responsibilities:	Chairman of the Board, Human Resources, Property & Building, Business & Strategic Planning, Marketing and Finance Committees.

Name:	Leeanne Josephine Gangemi
Title:	Non-executive director
Experience and expertise:	Leeanne is the Client Relations Manager in her family business, Ballandean Estate Wines and has held many positions on both National and State industry bodies including her current position as the Queensland Representative of the Winemakers Federation of Australia. Leeanne was on the Steering Committee for the formation of the Stanthorpe Community Bank and continues to help drive the growth of the organisation for the benefit if the community.
Special responsibilities:	Marketing Committee & South West Cluster Committee.

Name:	Catherine Margaret Orford
Title:	Non-executive director
Experience and expertise:	Retired. Was an Educator; Teacher and Trainer. M.Phil (Tourism Mgt); M.Arts (Aust Studies); B.Ed.
Special responsibilities:	Secretary.

Name:	Todd Cameron Sutherland
Title:	Non-executive director
Experience and expertise:	38 years in retail management including store management, area supervision and Human resource roles with a major supermarket chain. Todd is also experienced in managing a field sales team and most recently a boutique independent mixed business.
Special responsibilities:	Human Resources Committee.

Name:	James William Barnes
Title:	Non-executive director *(appointed 27 October 2022)*
Experience and expertise:	Retire. B.AppSc (Chem); B.App Sc (Wine). President - Stanthorpe Rotary Club; Board Member - Granite Belt Neighbourhood Centre and Apple and Grape Festival Committee. Management and Governance Skills.
Special responsibilities:	Marketing

Name:	Aaron Michael Wise
Title:	Non-executive director *(resigned 9 November 2022)*
Experience and expertise:	Bachelor of Business & Bachelor of Commerce. Over 10 years working in public accounting practices servicing a range of clients across an array of industries. Manager of family beef cattle farming operation.
Special responsibilities:	Treasurer.

Company secretary
The company secretary is Catherine Margaret Orford. Catherine was appointed to the position of secretary on 15 November 2017.

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

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The profit for the company after providing for income tax amounted to $125,421 (30 June 2022: loss of $46,676).

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

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

	2023 $
Unfranked dividend of 1 cents per share (2022: 1 cents)	7,554

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

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

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

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

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

	Board	
	Eligible	Attended
Donald Charles Gaske	12	12
Leeanne Josephine Gangemi	12	9
Catherine Margaret Orford	12	12
Todd Cameron Sutherland	12	12
James William Barnes	8	8
Aaron Michael Wise	4	-

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Donald Charles Gaske	53,501	-	53,501
Leeanne Josephine Gangemi	3,001	-	3,001
Catherine Margaret Orford	10,000	-	10,000
Todd Cameron Sutherland	-	-	-
James William Barnes	10,000	-	10,000
Aaron Michael Wise	-	-	-

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

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

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

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

Stanthorpe Regional Community Financial Services Ltd
Directors' report
30 June 2023

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

On behalf of the directors

Donald Charles Gaske
Chair

31 August 2023

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Stanthorpe Regional Community Financial Services Ltd

As lead auditor for the audit of Stanthorpe Regional Community Financial Services Ltd for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

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

Joshua Griffin
Lead Auditor

Stanthorpe Regional Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	630,709	386,182
Other revenue	7	25,000	31,250
Finance revenue		2,586	490
Total revenue		658,295	417,922
Employee benefits expense	8	(303,748)	(306,103)
Advertising and marketing costs		(3,210)	(185)
Occupancy and associated costs		(14,502)	(11,933)
System costs		(15,371)	(17,056)
Depreciation and amortisation expense	8	(66,092)	(51,235)
Finance costs	8	(12,852)	(13,779)
General administration expenses		(55,983)	(58,827)
Total expenses before community contributions and income tax expense		(471,758)	(459,118)
Profit/(loss) before community contributions and income tax (expense)/benefit		186,537	(41,196)
Charitable donations and sponsorships expense		(13,787)	(21,039)
Profit/(loss) before income tax (expense)/benefit		172,750	(62,235)
Income tax (expense)/benefit	9	(47,329)	15,559
Profit/(loss) after income tax (expense)/benefit for the year	20	125,421	(46,676)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		125,421	(46,676)
		Cents	**Cents**
Basic earnings per share	28	16.60	(6.18)
Diluted earnings per share	28	16.60	(6.18)

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

Stanthorpe Regional Community Financial Services Ltd
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	352,866	175,450
Trade and other receivables	11	54,905	24,146
Total current assets		407,771	199,596
Non-current assets			
Property, plant and equipment	12	113,139	126,098
Right-of-use assets	13	162,103	183,247
Intangible assets	14	139,121	167,998
Deferred tax assets	9	36,649	83,978
Total non-current assets		451,012	561,321
Total assets		858,783	760,917
Liabilities			
Current liabilities			
Trade and other payables	15	45,221	33,000
Lease liabilities	16	20,867	21,584
Employee benefits	17	15,687	14,980
Total current liabilities		81,775	69,564
Non-current liabilities			
Trade and other payables	15	14,203	28,675
Lease liabilities	16	191,000	211,866
Employee benefits	17	6,797	4,538
Provisions	18	16,552	15,685
Total non-current liabilities		228,552	260,764
Total liabilities		310,327	330,328
Net assets		548,456	430,589
Equity			
Issued capital	19	723,076	723,076
Accumulated losses	20	(174,620)	(292,487)
Total equity		548,456	430,589

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

Stanthorpe Regional Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		723,076	(238,257)	484,819
Loss after income tax benefit		-	(46,676)	(46,676)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(46,676)	(46,676)
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(7,554)	(7,554)
Balance at 30 June 2022		723,076	(292,487)	430,589

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		723,076	(292,487)	430,589
Loss after income tax benefit		-	125,421	125,421
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	125,421	125,421
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(7,554)	(7,554)
Balance at 30 June 2023		723,076	(174,620)	548,456

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

Stanthorpe Regional Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		696,561	463,592
Payments to suppliers and employees (inclusive of GST)		(463,295)	(458,752)
Interest received		1,786	490
Net cash provided by operating activities	27	235,052	5,330
Cash flows from investing activities			
Payments for property, plant and equipment		(3,112)	-
Payments for intangible assets		(13,403)	(13,403)
Net cash used in investing activities		(16,515)	(13,403)
Cash flows from financing activities			
Dividends paid	22	(7,554)	(7,554)
Repayment of lease liabilities	16	(33,567)	(27,688)
Net cash used in financing activities		(41,121)	(35,242)
Net increase/(decrease) in cash and cash equivalents		177,416	(43,315)
Cash and cash equivalents at the beginning of the financial year		175,450	218,765
Cash and cash equivalents at the end of the financial year	10	352,866	175,450

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

Note 1. Reporting entity

The financial statements cover Stanthorpe Regional Community Financial Services Ltd (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 139 High Street, Stanthorpe QLD 4380.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 31 August 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

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

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

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

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in February 2026.

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

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

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

Note 5. Economic dependency (continued)

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023 **$**	**2022** **$**
Margin income	527,134	271,489
Fee income	26,850	27,684
Commission income	76,725	87,009
	630,709	386,182

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

Note 7. Other revenue

	2023 $	2022 $
Market development fund	25,000	31,250

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

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

All revenue is stated net of the amount of GST.

Note 7. Other revenue (continued)

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	261,188	256,379
Superannuation contributions	27,149	26,028
Expenses related to long service leave	4,746	2,115
Other expenses	10,665	21,581
	303,748	306,103

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	5,363	6,600

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

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	14,452	14,429
Plant and equipment	1,619	2,529
	16,071	16,958
Depreciation of right-of-use assets		
Leased land and buildings	21,144	21,144
Amortisation of intangible assets		
Franchise fee	2,414	2,414
Franchise renewal fee	10,720	10,719
Domiciled customer accounts	15,743	-
	28,877	13,133
	66,092	51,235

Note 8. Expenses (continued)

Finance costs

	2023 $	2022 $
Lease interest expense	11,984	12,958
Unwinding of make-good provision	868	821
	12,852	13,779

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Movement in deferred tax	9,471	(5,171)
Recoupment of prior year tax losses	37,858	-
Future income tax benefit attributable to losses	-	(10,388)
Aggregate income tax expense/(benefit)	47,329	(15,559)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	172,750	(62,235)
Tax at the statutory tax rate of 25%	43,188	(15,559)
Tax effect of:		
Non-deductible expenses	4,141	-
Income tax expense/(benefit)	47,329	(15,559)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	23,217	61,075
Property, plant and equipment	(10,162)	834
Employee benefits	5,621	4,880
Provision for lease make good	4,138	3,921
Accrued expenses	1,627	750
Income accruals	(233)	(33)
Lease liabilities	52,967	58,363
Right-of-use assets	(40,526)	(45,812)
Deferred tax asset	36,649	83,978

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

Note 9. Income tax (continued)

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	138,602	32,886
Term deposits	214,264	142,564
	352,866	175,450

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

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	46,753	22,035
Accrued income	933	133
Prepayments	7,219	1,978
	8,152	2,111
	54,905	24,146

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	205,456	204,626
Less: Accumulated depreciation	(95,201)	(80,749)
	110,255	123,877
Plant and equipment - at cost	35,650	33,368
Less: Accumulated depreciation	(32,766)	(31,147)
	2,884	2,221
	113,139	126,098

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	138,306	4,750	143,056
Depreciation	(14,429)	(2,529)	(16,958)
Balance at 30 June 2022	123,877	2,221	126,098
Additions	830	2,282	3,112
Depreciation	(14,452)	(1,619)	(16,071)
Balance at 30 June 2023	110,255	2,884	113,139

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

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

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

Leasehold improvements	6 to 29 years
Plant and equipment	2 to 10 years

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

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

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

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

Note 13. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	321,816	321,816
Less: Accumulated depreciation	(159,713)	(138,569)
	162,103	183,247

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

	Land and buildings $
Balance at 1 July 2021	204,391
Depreciation expense	(21,144)
Balance at 30 June 2022	183,247
Depreciation expense	(21,144)
Balance at 30 June 2023	162,103

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Domiciled customer accounts	121,101	121,101
Less: Accumulated amortisation	(15,743)	-
	105,358	121,101
Franchise fee	20,720	20,720
Less: Accumulated amortisation	(15,543)	(13,129)
	5,177	7,591
Franchise renewal fee	53,598	53,598
Less: Accumulated amortisation	(25,012)	(14,292)
	28,586	39,306
	139,121	167,998

Note 14. Intangible assets (continued)

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	121,101	10,005	50,025	181,131
Amortisation expense	-	(2,414)	(10,719)	(13,133)
Balance at 30 June 2022	121,101	7,591	39,306	167,998
Amortisation expense	(15,743)	(2,414)	(10,720)	(28,877)
Balance at 30 June 2023	105,358	5,177	28,586	139,121

Accounting policy for intangible assets
Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. The company has also acquired domiciled customers accounts from another Community Bank.

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2026
Domiciled customer accounts	Straight-line	Customer lifecycle	December 2040

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

Changes in estimates
The company has re-assessed the useful life of its cash-generating unit for business domiciled from Bendigo Bank to the company based on new information from Bendigo Bank relating to the customer product life cycle.

The company has determined the intangible asset has a finite useful life from 1 July 2022 of 25 years.

The financial effect of the reassessment, assuming the assets are held until the end of their revised useful lives and no other impairment indicators are present, on actual and expected amortisation expense was as follows:

	2022 $	**2023 $**	**2024 $**	**2025 $**	**2026+ $**
Increase in amortisation expense	15,743	6,055	6,055	6,055	71,449

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Other payables and accruals	45,221	33,000
Non-current liabilities		
Other payables and accruals	14,203	28,675

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

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

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	31,781	33,568
Unexpired interest	(10,914)	(11,984)
	20,867	21,584
Non-current liabilities		
Land and buildings lease liabilities	228,712	260,493
Unexpired interest	(37,712)	(48,627)
	191,000	211,866

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	233,450	248,180
Lease interest expense	11,984	12,958
Lease payments - total cash outflow	(33,567)	(27,688)
	211,867	233,450

Maturity analysis

	2023 $	2022 $
Not later than 12 months	31,781	33,568
Between 12 months and 5 years	133,306	130,862
Greater than 5 years	95,406	129,631
	260,493	294,061

Note 16. Lease liabilities (continued)

Accounting policy for lease liabilities
Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate.

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

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

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

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Stanthorpe Branch	5.39%	5 years	1 x 5 years	Yes	February 2031

Note 17. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	15,687	14,980
Non-current liabilities		
Long service leave	6,797	4,538

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

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

Note 17. Employee benefits (continued)

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

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

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

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

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

Note 18. Provisions

	2023 $	2022 $
Lease make good provision	16,552	15,685

Lease make good provision
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $25,000 for the Stanthorpe Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire February 2031 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 19. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	755,360	755,360	755,360	755,360
Less: Equity raising costs	-	-	(32,284)	(32,284)
	755,360	755,360	723,076	723,076

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

Rights attached to issued capital

Note 19. Issued capital (continued)

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

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

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

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

Transfer
Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company’s constitution and the *Corporations Act 2001*.

Prohibited shareholding interest
A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 190. As at the date of this report, the company had 241 shareholders (2022: 242 shareholders).

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

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

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

Note 19. Issued capital (continued)

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

Note 20. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(292,487)	(238,257)
Profit/(loss) after income tax (expense)/benefit for the year	125,421	(46,676)
Dividends paid (note 22)	(7,554)	(7,554)
Accumulated losses at the end of the financial year	(174,620)	(292,487)

Note 21. Capital management

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

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

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

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

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

Note 22. Dividends

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

	2023 $	2022 $
Unfranked dividend of 1 cents per share (2022: 1 cents)	7,554	7,554

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

Note 23. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	47,686	22,168
Cash and cash equivalents	352,866	175,450
	400,552	197,618
Financial liabilities		
Trade and other payables	59,424	61,675
Lease liabilities	211,867	233,450
	271,291	295,125

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

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $352,866 at 30 June 2023 (2022: $175,450).

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

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

Note 23. Financial instruments (continued)

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives				
Trade and other payables	45,221	14,203	-	59,424
Lease liabilities	31,781	133,306	95,406	260,493
Total non-derivatives	77,002	147,509	95,406	319,917

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	33,000	28,675	-	61,675
Lease liabilities	33,568	130,862	129,631	294,061
Total non-derivatives	66,568	159,537	129,631	355,736

Note 24. Key management personnel disclosures

The following persons were directors of Stanthorpe Regional Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Donald Charles Gaske
Leeanne Josephine Gangemi
Catherine Margaret Orford
Todd Cameron Sutherland
James William Barnes
Aaron Michael Wise

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

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

Note 25. Related party transactions

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

Note 26. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,480	2,330
Share registry services	3,809	3,546
	7,949	6,476
	13,349	11,676

Note 27. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	125,421	(46,676)
Adjustments for:		
Depreciation and amortisation	66,092	51,235
Lease liabilities interest	11,984	12,958
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(30,759)	6,761
Decrease/(increase) in deferred tax assets	47,329	(15,560)
Increase/(decrease) in trade and other payables	11,152	(4,651)
Increase in employee benefits	2,966	442
Increase in other provisions	867	821
Net cash provided by operating activities	235,052	5,330

Note 28. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	125,421	(46,676)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	755,360	755,360
Weighted average number of ordinary shares used in calculating diluted earnings per share	755,360	755,360
	Cents	**Cents**
Basic earnings per share	16.60	(6.18)
Diluted earnings per share	16.60	(6.18)

Note 28. Earnings per share (continued)

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Stanthorpe Regional Community Financial Services Ltd, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Stanthorpe Regional Community Financial Services Ltd
Directors' declaration
30 June 2023

In the directors' opinion:

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

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

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

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

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

On behalf of the directors

Donald Charles Gaske
Chair

31 August 2023

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

Independent auditor's report to the Directors of Stanthorpe Regional Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Stanthorpe Regional Community Financial Services Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Stanthorpe Regional Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Joshua Griffin
Lead Auditor

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