Annual Report 2023

Tongala & District Financial Services Limited

Community Bank
Tongala and Mathoura

ABN 22 094 331 665

Contents

Chair’s Report – 2023

While higher interest rates may have meant many home buyers are having to become more economic, they have contributed to increased revenue for Community Bank Tongala & Mathoura. This in turn has led to the Community Bank being able to return more money to the communities of both towns. Hopefully the Reserve Bank of Australia leaves interest rates on hold for the foreseeable future thus allowing all of us to benefit from more stable economic conditions.

Long-term employee Leanne Cuffe has retired after experiencing ill-health over the past 12 months and we wish her a long and happy retirement. Our Company Secretary Paige Wade also said that she wished to step away from that role, but to remain as a Director of the Company. The Board is in the process of appointing another person to this role.

Again, on behalf of the Board of Directors, I acknowledge our Staff led capably by Branch Manager Kevin Livingston and Customer Relationship Manager Hannah Tuxworth who was promoted to that role during the year. In June Hannah had her first experience of managing the Branch while Kevin was on annual leave and she handled the role with great aplomb. Customer Service Officers Kate Nunn and Kerry Cox, with Kerry recently completing her Traineeship, provide an affable and competent workforce for the Company. With increased patronage and in an effort to prevent lunchtime closures, we intend on hiring another Trainee in the coming months.

The Staff at Mathoura Visitor and Business Centre have again provided sterling service and I would personally like to thank Ros, Rosa, Pauline and Amanda for their time and effort over the past 12 months. With the town and in particular Picnic Point continuing to grow, Mathoura is now more than just an agency to the Company.

The Company’s community involvement continues to evolve with an increased emphasis on education. We now have excellent working relationships with Mathoura Public School, Moama Anglican Grammar School, St. Patrick’s and Tongala Primary Schools. We are currently working with them with both secondary and tertiary scholarships, financial and social hardship bursaries and various other awards and projects.

At our last Annual General Meeting, the Board opted to name our secondary school scholarship after our first Company Secretary and long-serving Director Jill Regan. Each year up to 6 grade six students are eligible to receive a scholarship under the Jill Regan Secondary School Scholarship Program. The Board also approved the Financial & Social Hardship Bursary Program where up to 10 students may receive financial assistance to make their educational experience a reality.

On the wisdom of Deputy Chair Karen Palmer and Hannah, the Board have revamped the way we present grants, sponsorship and other funding for the communities of Tongala and Mathoura. Each Presentation Night is staged at a venue in either Tongala or Mathoura with members of each of the applicants attending the evening. Cheques are presented and short speeches are made with good media coverage in a laid-back atmosphere.

While our first Presentation Night in March at Tongala Football Netball Club was a huge success we did note several areas where we could make some improvements. Our second Presentation Night will be at Tongala Bowls Club on August 23rd with up to 11 applications for funding. The following Presentation Night will coincide with the Company's Annual General Meeting on Wednesday November 8th at Tongala RSL Hall. Next year it's intended that we will stage the March Presentation in Mathoura at a venue to be decided.

While the Board of Directors may be small, five in total, they are committed for which I as Chair, am extremely grateful. Greg Rossborough who is in his seventh year as Treasurer has given outstanding service as have Karen Palmer, Paige Wade and recently appointed Marion Moncrieff. Unfortunately, Sharryn Dawes had to resign due to increased work commitments.

The Board of Directors of Tongala & District Financial Services Limited is ideally looking forward to a more stable environment in the next 12 months. However, under the current economic and political climate, I don't believe that the calm waters will prevail for long. In saying that, the Board has announced the decision to pay a dividend of 7 cents in the dollar fully franked for the year 2023.

John Bentley
Chair
Tongala & District Financial Services Limited

Branch Manager's Report

For the year ending June 30, 2023

It is with pleasure that I submit this annual Branch Manager's report for Community Bank Tongala & Mathoura for 2022-2023 financial year.

Bendigo Bank are the fifth largest retail Bank in Australia. A Regionally-founded organisation that holds true to its strongly grounded values, is nationally represented in every state and territory across the country and globally recognised for our unique Shared Value banking model. We have a deeply ingrained sense of doing well by doing good.

Our business is ready to take advantage of the opportunities ahead. Our customer focus, high trust ratings, and customer advocacy unite to provide the perfect platform for business growth.

In an environment where many are disillusioned with their current bank, the time for Bendigo Bank to cement our position as Australia's bank of choice is now. We'll continue to tell our story and ask people to join us to bring about the change they want to see.

I would like to personally thank our fantastic branch staff, Hannah, Kate, Kerry for the continued support and service they provide to our customers. The personal service we provide to our customers is something we are very proud and passionate about. They form a fantastic team and I also thank them for the support and assistance they provide to me especially whilst I am away from the Branch. I would also like to thank Jodi and the team at the Mathoura agency for their ongoing support in helping us build the business in Mathoura.

I would also like to sincerely thank Board Chairman John Bentley and the other Board members for their continued support and assistance.

On behalf of our staff we look forward to another year of servicing our current, new and potential customers, growing our business and continuing to support our communities.

Thank you

Kevin Livingston

Branch Manager

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

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

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

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

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

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

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

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

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

Warm regards

Sarah Franklyn
CBNC Chair

Tongala & District Financial Services Limited

ABN 22 094 331 665

Financial Report - 30 June 2023

Tongala & District Financial Services Limited
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:	John Charles Bentley
Title:	Non-executive director
Experience and expertise:	John is currently retired and was a Water Industry employee for 28 years. Member of Club, League and Recreational Reserve Committees for 27 years.
Special responsibilities:	Chair, Business Development Committee

Name:	Gregory James Rossborough
Title:	Non-executive director
Experience and expertise:	Previously Corporate Westpac Manager (26 years). General Manager in Licenced Club industry (20 years). Treasurer Tongala Football Netball Club.
Special responsibilities:	Finance, Budget, Shares and Audit Sub Committee and Strategies, Procedures and H.R Sub Committee.

Name:	Paige Hannah Wade
Title:	Non-executive director
Experience and expertise:	Paige is a Senior accountant at Stubberfield Group. Paige holds a Bachelor of Commerce majoring in Accounting, Certified Practicing Certificate III in Agriculture. She is the past treasurer and a current coach and member of the Tongala Football Netball Club.
Special responsibilities:	Company secretary

Name:	Karen Maree Palmer
Title:	Non-executive director
Experience and expertise:	Karen is a Coordinator/Manager and a previous CSO at bank - Tongala Community Bank. Current 'CERT' First Responder. Currently employed TCAC - co-ordinator. Other current directorships include Tongala Health - Governance Committee.
Special responsibilities:	Sponsorship & Marketing Committee

Name:	Marion Joan Moncrieff
Title:	Non-executive director (appointed 26 April 2023)
Experience and expertise:	Marion is a farmer from Koyuga. Marion was a music teacher at Moama Anglican Grammar for 12 years. Marion was a past president for the Dingley Primary School Parents Association for 2 years and a member of the Music & Arts Committee at Moama Anglican Grammar.
Special responsibilities:	Nil

Name:	Sharryn Leanne Dawes
Title:	Non-executive director (appointed 26 October 2022, resigned 29 March 2023)
Experience and expertise:	

Name:	Jill Maree Regan
Title:	Non-executive director (resigned 30 November 2022)
Experience and expertise:	Jill is a farmer. Board Member - Tongala & District Memorial Aged Care.
Special responsibilities:	Business Development Committee

Name:	Tyler Paul Stagg
Title:	Non-executive director (resigned 28 September 2022)
Experience and expertise:	Tyler is the Owner/Licensee for Tongala Post Office. Former International & Australian Chef, 8 years service in Australian Army Reserve. Chairman Tongala Development Group Inc
Special responsibilities:	Nil

Company secretary
There have been two company secretaries holding the position during the financial year:

- Sharon Marie Ebsworth was appointed company secretary on 21 August 2023.
- Paige Hannah Wade was appointed as company secretary on 26 February 2020 and ceased on 21 August 2023.

Name:	Sharon Marie Ebsworth
Experience and expertise:	Sharon is a seasoned professional in the financial services industry with a wealth of experience spanning over 12 years. As the Company Secretary at Tongala & Mathoura Financial Services, Sharon plays a pivotal role in overseeing compliance and governance matters within the organisation. Sharon's journey in the banking sector commenced at Westpac, where she held the prestigious position of Bank Manager, managing two full service branches and two agencies. Her exceptional leadership and financial acumen were evident from the start, and she quickly established herself as a trusted figure in the industry. Afterward, Sharon joined Bendigo and Adelaide Bank, where she held various key roles, including Retail Lending Manager, Mobile Relationship Manager, and Staff Banking. Her diverse background within Bendigo and Adelaide Bank allowed her to gain expertise in different facets of banking operations, from customer-centric roles to managerial responsibilities. Sharon's commitment to professional development is evident through her educational achievements. She holds an advanced diploma in Accounting, showcasing her dedication to financial excellence. Fufthermore, Sharon recently completed a Women in Leadership Course, demonstrating her passion for advancing gender diversity and leadership in the workplace. Raised in Sydney, NSW, Sharon's journey took her to Regional NSW in 2009, where she resides with her husband and two children. Her dedication to both her family and her career exemplifies her ability to balance personal and professional life effectively.

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 $25,075 (30 June 2022: $3,106).

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

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

	2023 $
Fully franked dividend of 5 cents per share (2022: 4.68 cents)	17,068

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.

Tongala & District Financial Services Limited
Directors' report
30 June 2023

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 meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2023, and the number of meetings attended by each director were:

	Board		Marketing & Sponsorship Committee		Finance Committee		Business Development Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
John Charles Bentley	11	11	10	10	11	11	6	6
Gregory James Rossborough	11	11	-	-	11	11	6	6
Paige Hannah Wade	11	10	-	-	11	11	6	6
Karen Maree Palmer	11	10	10	10	-	-	-	-
Marion Joan Moncrieff	3	3	-	-	-	-	-	-
Sharryn Leanne Dawes	6	3	-	-	-	-	-	-
Tyler Stagg	3	1	-	-	-	-	-	-
Jill Maree Regan	9	7	-	-	-	-	-	-

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements.

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
John Charles Bentley	1,000	-	1,000
Gregory James Rossborough	-	-	-
Paige Hannah Wade	-	-	-
Karen Maree Palmer	-	-	-
Marion Joan Moncrieff	-	-	-
Sharryn Leanne Dawes	-	-	-
Tyler Paul Stagg	-	-	-
Jill Maree Regan	-	-	-

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 23 to the accounts.

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

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

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

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

On behalf of the directors

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John Charles Bentley
Chair

27 September 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 Tongala & District Financial Services Limited

As lead auditor for the audit of Tongala & District Financial Services Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

Joshua Griffin
Lead Auditor

Tongala & District Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	769,854	399,635
Other revenue	7	29,220	38,447
Finance revenue		2,982	150
Total revenue		802,056	438,232
Employee benefits expense	8	(254,293)	(250,002)
Advertising and marketing costs		(5,045)	(4,163)
Occupancy and associated costs		(14,696)	(18,873)
System costs		(14,114)	(16,309)
Depreciation and amortisation expense	8	(25,112)	(24,410)
General administration expenses		(137,037)	(112,250)
Total expenses before community contributions and income tax expense		(450,297)	(426,007)
Profit before community contributions and income tax expense		351,759	12,225
Charitable donations and sponsorships expense	8	(318,750)	(8,083)
Profit before income tax expense		33,009	4,142
Income tax expense	9	(7,934)	(1,036)
Profit after income tax expense for the year	17	25,075	3,106
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		25,075	3,106
		Cents	**Cents**
Basic earnings per share	25	7.35	0.91
Diluted earnings per share	25	7.35	0.91

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

Tongala & District Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	225,112	203,294
Trade and other receivables	11	71,681	36,213
Total current assets		296,793	239,507
Non-current assets			
Property, plant and equipment	12	179,974	188,612
Intangible assets	13	31,679	44,634
Total non-current assets		211,653	233,246
Total assets		508,446	472,753
Liabilities			
Current liabilities			
Trade and other payables	14	70,856	36,951
Current tax liabilities	9	9,759	513
Employee benefits	15	15,397	16,863
Total current liabilities		96,012	54,327
Non-current liabilities			
Trade and other payables	14	14,856	29,712
Deferred tax liabilities	9	125	1,787
Employee benefits	15	6,781	3,793
Total non-current liabilities		21,762	35,292
Total liabilities		117,774	89,619
Net assets		390,672	383,134
Equity			
Issued capital	16	341,350	341,350
Retained earnings	17	49,322	41,784
Total equity		390,672	383,134

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

Tongala & District Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		341,350	55,276	396,626
Profit after income tax expense		-	3,106	3,106
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	3,106	3,106
Transactions with owners in their capacity as owners:				
Dividends provided for	19	-	(16,598)	(16,598)
Balance at 30 June 2022		341,350	41,784	383,134

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		341,350	41,784	383,134
Profit after income tax expense		-	25,075	25,075
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	25,075	25,075
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	19	-	(17,068)	(17,068)
Adjustment to prior year dividend amount	17	-	(469)	(469)
		-	(17,537)	(17,537)
Balance at 30 June 2023		341,350	49,322	390,672

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

Tongala & District Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		843,466	475,442
Payments to suppliers and employees (inclusive of GST)		(790,188)	(466,122)
Interest received		2,982	150
Income taxes refunded/(paid)		(350)	6,936
Net cash provided by operating activities	24	55,910	16,406
Cash flows from investing activities			
Payments for property, plant and equipment	12	(3,519)	(10,171)
Payments for intangible assets		(13,505)	(13,505)
Net cash used in investing activities		(17,024)	(23,676)
Cash flows from financing activities			
Dividends paid	19	(17,068)	(16,598)
Net cash used in financing activities		(17,068)	(16,598)
Net increase/(decrease) in cash and cash equivalents		21,818	(23,868)
Cash and cash equivalents at the beginning of the financial year		203,294	227,162
Cash and cash equivalents at the end of the financial year	10	225,112	203,294

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

Note 1. Reporting entity

The financial statements cover Tongala & District Financial Services Limited (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 35 Mangan Street Tongala VIC 3621

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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
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)

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in December 2025.

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	697,454	315,239
Fee income	42,118	42,325
Commission income	30,282	42,071
	769,854	399,635

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

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

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

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

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

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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	28,750	37,500
Other income	470	947
	29,220	38,447

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.
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 GST.

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	215,973	215,400
Superannuation contributions	25,110	22,596
Expenses related to long service leave	2,434	2,288
Other expenses	10,776	9,718
	254,293	250,002

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Buildings	6,253	5,354
Plant and equipment	5,904	6,101
	12,157	11,455
Amortisation of intangible assets		
Franchise fee	2,159	2,159
Franchise renewal fee	10,796	10,796
	12,955	12,955
	25,112	24,410

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	4,358	5,427

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.

Charitable donations, sponsorships and grants

	2023 $	2022 $
Direct donation, sponsorship and grant payments	86,281	8,083
Contribution to the Community Enterprise Foundation™	265,478	-
	351,759	8,083

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

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

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	9,914	609
Movement in deferred tax	(1,662)	427
Under/over adjustment	(318)	-
Aggregate income tax expense	7,934	1,036
Prima facie income tax reconciliation		
Profit before income tax expense	33,009	4,142
Tax at the statutory tax rate of 25%	8,252	1,036
Under/over adjustment	(318)	-
Income tax expense	7,934	1,036

	2023 $	2022 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	5,669	6,951
Employee benefits	(5,544)	(5,164)
Deferred tax liability	125	1,787

	2023 $	2022 $
Provision for income tax	9,759	513

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

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

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

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

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

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

Note 9. Income tax (continued)

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 on hand	661	661
Cash at bank and on hand	224,451	202,633
	225,112	203,294

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	71,112	35,644
Prepayments	569	569
	71,681	36,213

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Land - at cost	33,155	33,155
Buildings - at cost	159,704	157,440
Less: Accumulated depreciation	(22,192)	(15,939)
	137,512	141,501
Plant and equipment - at cost	155,987	154,732
Less: Accumulated depreciation	(146,680)	(140,776)
	9,307	13,956
	179,974	188,612

Note 12. Property, plant and equipment (continued)

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

	Land $	Buildings $	Plant and equipment $	Total $
Balance at 1 July 2021	33,155	137,540	19,201	189,896
Additions	-	9,315	856	10,171
Depreciation	-	(5,354)	(6,101)	(11,455)
Balance at 30 June 2022	33,155	141,501	13,956	188,612
Additions	-	2,264	1,255	3,519
Depreciation	-	(6,253)	(5,904)	(12,157)
Balance at 30 June 2023	33,155	137,512	9,307	179,974

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:

Building	5 to 40 years
Plant and Equipment	5 to 10 years

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

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

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

Note 13. Intangible assets

	2023 $	**2022 $**
Franchise fee	72,093	72,093
Less: Accumulated amortisation	(66,210)	(64,052)
	5,883	8,041
Franchise renewal fee	99,168	99,168
Less: Accumulated amortisation	(73,372)	(62,575)
	25,796	36,593
	31,679	44,634

Note 13. Intangible assets (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	10,200	47,389	57,589
Amortisation expense	(2,159)	(10,796)	(12,955)
Balance at 30 June 2022	8,041	36,593	44,634
Amortisation expense	(2,159)	(10,796)	(12,955)
Balance at 30 June 2023	5,882	25,797	31,679

Accounting policy for intangible assets
Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	December 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	December 2025

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

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

Note 14. Trade and other payables

	2023 **$**	**2022** **$**
Current liabilities		
Trade payables	38,927	693
Other payables and accruals	31,929	36,258
	70,856	36,951
Non-current liabilities		
Other payables and accruals	14,856	29,712

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

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

Note 15. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	11,589	12,501
Long service leave	3,808	4,362
	15,397	16,863
Non-current liabilities		
Long service leave	6,781	3,793

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.

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 16. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	341,350	341,350	341,350	341,350

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 16. 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").

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

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

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

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

Note 17. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	41,784	55,276
Profit after income tax expense for the year	25,075	3,106
Dividends paid (note 19)	(17,068)	(16,598)
Adjustment to prior year dividend amount	(469)	-
Retained earnings at the end of the financial year	49,322	41,784

Note 18. 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 19. 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 $
Fully franked dividend of 5 cents per share (2022: 4.68 cents)	17,068	16,598

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	77,785	90,254
Franking credits (debits) arising from income taxes paid (refunded)	764	(6,936)
Franking debits from the payment of franked distributions	(5,689)	(5,533)
annual income tax return	72,860	77,785
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	72,860	77,785
Franking credits (debits) that will arise from payment (refund) of income tax	9,759	513
Franking credits available for future reporting periods	82,619	78,298

Note 19. Dividends (continued)

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

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

Note 20. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	71,112	35,644
Cash and cash equivalents	225,112	203,294
	296,224	238,938
Financial liabilities		
Trade and other payables	85,712	66,663

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 and cash and cash equivalents.

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 subject to movements in market interest rates. The company held cash and cash equivalents of $225,112 at 30 June 2023 (2022: $203,294).

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

Note 20. Financial instruments (continued)

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	70,856	14,856	-	85,712
Total non-derivatives	70,856	14,856	-	85,712

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	36,951	29,712	-	66,663
Total non-derivatives	36,951	29,712	-	66,663

Note 21. Key management personnel disclosures

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

John Charles Bentley
Gregory James Rossborough
Paige Hannah Wade
Karen Maree Palmer
Marion Joan Moncrieff
Sharryn Leanne Dawes
Jill Maree Regan
Tyler Paul Stagg

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

Note 22. Related party transactions

The following transactions occurred with related parties:

	2023 **$**	**2022** **$**
Greg Rossborough provided the company bookkeeping services. The total benefit received was:	9,100	8,050
The company made sponsorships to community groups where company directors also are board members.	5,882	-

Note 22. Related party transactions (continued)

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

Note 23. 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	2,981	1,600
General advisory services	3,460	2,730
	6,441	4,330
	11,841	9,530

Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	25,075	3,106
Adjustments for:		
Depreciation and amortisation	25,112	24,410
Change in operating assets and liabilities:		
Increase in trade and other receivables	(35,468)	(6,354)
Decrease in income tax refund due	-	7,032
Increase/(decrease) in trade and other payables	32,085	(16,349)
Increase in provision for income tax	9,246	513
Increase/(decrease) in deferred tax liabilities	(1,662)	427
Increase in employee benefits	1,522	3,621
Net cash provided by operating activities	55,910	16,406

Note 25. Earnings per share

	2023 $	2022 $
Profit after income tax	25,075	3,106

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	341,350	341,350
Weighted average number of ordinary shares used in calculating diluted earnings per share	341,350	341,350

Note 25. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	7.35	0.91
Diluted earnings per share	7.35	0.91

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

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

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

Tongala & District Financial Services Limited
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

____

John Charles Bentley
Chair

27 September 2023

Andrew Frewin Stewart
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Independent auditor's report to the Directors of Tongala & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tongala & District Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Tongala & District Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank