Annual Report 2023

Tugun & District Finances Limited

Community Bank
Tugun

ABN 57 102 056 306

Contents

Chairman's report

For year ending 30 June 2023

I am thrilled to share that our financial performance in the past year has been truly exceptional. Our commitment to sound financial practices, strategic community engagement and investments, and strong corporate governance has placed us in the strongest financial position we have been in since inception.

Chairman's Report – the 20th Anniversary Edition!

Dear Shareholders, Stakeholders, and Friends of Tugun & District Finances,

I am delighted and privileged to report to you on the occasion that marks our 20th anniversary, as we reflect on the journey that has brought us to this remarkable milestone. The past year has undoubtedly been a challenging one operationally, but it has also been exceptional in terms of our financial performance and our commitment to supporting our community.

We celebrated our 20th anniversary at the Tom Atkin Hall with a night of reflection on the path we have forged since 2003. We acknowledged the wonderful work and dedication of the original steering commitee and all the Directors since then. From the pioneers of the foundation of Tugun & District Finances Limited, right up to the current Board of Directors, all have provided their time and talent on a volunteer basis, born out of their passion and commitment to giving back to our community.

Operational Challenges and Resilience

The year 2022-23 was marked by operational challenges, including global and local economic uncertainties, an increasing interest rate climate that we have not seen since our Community Bank Tugun opened, the local impacts of the national cost of living pressures and evolving customer needs.

Despite these challenges, I am proud to report that our Board of Directors and especially the branch team rose to the occasion admirably. Through solid and experienced management, led by our Branch Manager Allan Merlehan and supported by the dedication of our great staff, we weathered the challenges and remained focused on providing great service to our local community.

Exceptional Financial Results

I am thrilled to share that our financial performance in the past year has been truly exceptional. Our commitment to sound financial practices, strategic community engagement and investments, and strong corporate governance has placed us in the strongest financial position we have been in since inception. We achieved record profits, a testament to the trust and confidence you have placed in us.

Our profit growth not only strengthens the financial foundation of our bank but also ensures that we can continue to support our community in meaningful ways.

I am proud to announce that for FY23, TDFL have supported our community with $333,910 in funding for projects, grants, events and sponsorships across 30+ community groups and organisations. Due to the strength of our financial position, we have also placed $400,000 in the Community Enterprise Foundation™, to go towards future community needs over the coming years.

Your community company posted a net profit after tax of $323,591 after the above community investments and due to this pleasing result, the Board is proud to announce a shareholder dividend of 7 cents fully franked.

Furthermore, thanks to the prudent financial management by the Board, a bonus divided of 7 cents will also be forthcoming. The bonus dividend is in recognition of our shareholders ongoing support and to honour the milestone of the company's 20th anniversary.

Community Funding and Impact

At Tugun & District Finances Limited, community has always been at the heart of what we do. As mentioned, this year, we took our commitment to community funding to new heights. TDFL increased community funding by supporting local projects, organisations, and initiatives that make a difference in the lives of our locals and neighbours.

Our 20th anniversary is not just a celebration of our longevity but a reminder of the incredible impact we've had on Tugun and the surrounding community. We are dedicated to continuing this legacy of giving back.

Gratitude and Looking Ahead

As we celebrate our 20th anniversary, I extend my heartielt gratitude to two of our Directors who stepped down from the Board in the past year. Lisa Fitzgerald who served for 10 years, holding several roles such as Board Co-Chair for many years and Chair of the Community Engagement Commitee. We also farewelled Kelly Sawden who was our long-standing company treasurer for five years and provided her invaluable financial skills during this time. To both Lisa and Kelly, you both oversaw some amazing growth of our business as well as guiding the company through the global pandemic, which was a period of such uncertainty and challenge. Your unwavering support, trust, and collaboration have been the driving force behind our success and we are extremely grateful for your service.

Looking ahead, we remain commited to our mission of feeding into the prosperity of our community – and not off it, through providing quality and competitive Bendigo and Adelaide Bank financial services.

Into the next year, we will continue to explore opportunities to ensure our collaboration with the community will keep us relevant and supportive of the changing needs of our community. I'm excited by a couple of key projects we are investigating presently and hopeful that we can share more about these in the near future!

In conclusion, I am immensely proud of what TDFL has accomplished together last year and over the last 20 years. Our journey has been a testament to the power of community, resilience, and financial stewardship. I am confident that the years ahead hold even greater promise for Tugun & District Finances Limited and the community we serve.

Thank you for being a part of this remarkable journey so far.

Sincerely,

Peter Dirkx
Chairman, Tugun & District Finances Limited

Manager's report

For year ending 30 June 2023

I would like to thank the branch staff for their efforts throughout the year in what was a challenging year for all. The staff also worked as volunteers in our community engagement activities throughout the year, which has helped the success of our sponsorship and grant programs.

The financial year ending 2023 was a challenge for all businesses and families, both locally and nationally as we dealt with rising inflation, interest rates, cost of living and supply issues affecting families and businesses.

The property market locally has continued to see a decline in activity as rising interest rates have impacted the borrowing capacity of potential borrowers and the number of listings has also fallen.

Whilst there have been many challenges, there has been much to be excited and proud of.

A few positive highlights for the year include;

- Gross Margin is $1,865,328, an increase of $886,255 on the previous year
- Profit of $1,141,443 before community contributions and income tax expense, exceeded $1 million for the first time
- Celebration of 20 years in operation
- Sponsorships, grants and charitable donations of $698,878 included a deposit to the Community Enterprise Foundation™ account of $400,000 for future community contributions
- Total business increased by $5.4 million, against a budget of $6 million. A good effort given the limited growth opportunities affected by staffing levels throughout the year and a decline in lending activity
- Lending approvals of $19 million, whilst down from $28 million the previous year, it was still a good effort considering the staffing challenges throughout the year.

Tugun & District Finances Limited provided sponsorships and donations of $333,910 in the last 12 months to the following worthwhile local community groups:

Agape Outreach Inc	PBC Alliance
Coolamon Chorale	PBC State High School P&C
Currumbin Happy Group	Rotary Club Currumbin Coolangatta Tweed
Currumbin RSL Young Veteran Support Services	Scholarship Program
Currumbin Vikings SLSC	Shout Out Fest
Currumbin Wildlife Hospital	Southern Beaches Community Garden
Elanora State High School P&C	Southern Business Women Connect
Everybody NOW	SWELL Sculpture Festival
Fight 4 Youth	The Outrigger Canoe Club
Friends with Dignity	Tugun Progress Association
Green Heroes	Tugun Seahawks JRLFC

HubbleGC	Tugun SLSC
Laurie Lawrence Swim Club	Volunteer Marine Rescue
Pacific SLSC	Walk With Us
Palm Beach SLSC	Youth Music Venture
PBC Alleygators	

I would like to take this opportunity to thank the Board of Directors, the Community Engagement Committee, the Finance Committee and their families for their ongoing support on a volunteer basis, which has enabled our business to continue to grow and be successful in our local community.

I would like to thank Maris Dirkx, Executive Assistant to the Board, who has worked tirelessly for the Board and our branch over the last 18 years to coordinate our marketing and sponsorship events.

Over the last 12 months we have seen some stability in the branch compared to previous years, although still short on the staff number required to effectively operate the business;

- Dorri Janusz has been promoted to the Customer Relationship Manager.
- Taylah Woodward has been promoted to the Customer Relationship Officer.

I would like to thank the branch staff for their efforts throughout the year in what was a challenging year for all. The staff also worked as volunteers in our community engagement activities throughout the year, which has helped the success of our sponsorship and grant programs.

Finally, I would like to acknowledge all the people involved in the steering committee some 25 year ago that had the intestinal fortitude to do something about local bank closures and worked tirelessly to get Tugun & District Finances Limited off the ground. The Directors and Committee members over the last 20 years that have guided and steered the business, we owe you a great deal of thanks.

We look forward to another successful year ahead, the staff at Community Bank Tugun encourage our shareholders and customers to continue to tell their family and friends about us and what being a customer of our branch can do for this wonderful community.

Allan Merlehan
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2022

Community continues to be core to who we are at Bendigo and Adelaide Bank.

With your support, we are enabling community infrastructure to be built, strengthening the arts and culturally diverse communities, improving educational outcomes, and growing healthy places for Australians to live and work. On behalf of the Bank, thank you for continuing to play a vital role in supporting your community.

As we emerge from the pandemic and navigate a shifting economic landscape, the investments our Community Banks make in the future of the communities in which they operate has never been more important.

We are proud that more Australians are choosing to do their banking with Bendigo and Adelaide Bank – and importantly trust us with their financial needs. We are Australia's most trusted bank (Roy Morgan, May 2022), an outcome that you have all contributed to and should feel proud of.

Our purpose has never been more important; we remain committed to continuing to feed into the prosperity of our customers and communities, and not off them.

Your ongoing support as a shareholder is essential to the success of your local community. Together, we will continue to grow sustainably and make a positive impact for generations to come.

Warmest regards,

Justine Minne
Bendigo and Adelaide Bank

Directors' report

30 June 2023

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

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

Name:	Peter Anthony Dirkx
Title:	Non-executive director
Experience and expertise:	Peter has 16 years in Senior Management positions with Bendigo & Adelaide Bank, with over 10 years in the Community Banking team. He has over 30 years in management roles within the Banking and Finance sector. He has extensive experience on community consultation and engagement and in community banking and not for profit governance and strategic planning. Peter has attended and facilitated numerous Australian Institute of Company Directors (AICD) and Governance Institute of Australia (GIA) workshops, forums and seminars. He has expertise in facilitating community forums, director education workshops and conferences. Currently working as Partnerships Manager to a Gold Coast Arts & Cultural organisation that provide visual and performing arts, cultural performances and programs, entertainment and hospitality services. Tertiary and formal qualifications include Financial Analysis for Officers & Directors (Governance Institute of Australia), Not-for-Profit Financial Management & Regulatory Compliance (Governance Institute of Australia), Risk Management & Governance Essentials (Governance Institute of Australia), Duties of Officers and Directors (Governance Institute of Australia), Director Development Program (Australian Institute of Company Directors), Certificate IV Business, Advanced Leadership Management Program, Operational Risk Management, Certificate IV Frontline Management, Certificate III Small Business Management, Certificate IV Financials Services and Certificate in Credit Analysis.
Special responsibilities:	Co-Chair and Consultant to both the Finance Risk & Audit Committee and Community Engagement Committee

Name:	Cameron Kenneth Window
Title:	Non-executive director
Experience and expertise:	Bachelor of Business - QUT. Bachelor of Applied Science - QUT. Diploma of Financial Markets - AFMA. Occupations: Executive Manager - Fixed Income - MINT Partners (current). Associate Director - Fixed Income - FIIG Securities (2012 - 2016). Project Manager and Analyst - Flight Centre (2010 - 2012). Area Operations Leader - Flight Centre (2005 - 2010). Skills: Financial markets trading and analysis. Relationship/account management. Business operations and project management.
Special responsibilities:	Finance Risk & Audit Committee

Name:	Robert William Marshall
Title:	Non-executive director
Experience and expertise:	Retired solicitor.
Special responsibilities:	Secretary

Name:	Norbert Anthony Benton
Title:	Non-executive director
Experience and expertise:	Over twenty years professional experience in environmental management and sustainability, including in his current role as Environment Manager - Studies and Engagement at Queensland Airports Limited. Through his professional career and having completed a Bachelor of Science at Central Queensland University has equipped Norbert with skills and knowledge in environmental management, sustainable development, governance and risk management practices along with forming good working relationships with an array of stakeholders including industry, government agencies and community groups.
Special responsibilities:	Finance Risk & Audit Committee

Name:	Sean David Powell
Title:	Non-executive director
Experience and expertise:	Sean is a Partner at Robbins Watson Solicitors, Burleigh Waters. Previously working as Solicitor - Property & commercial; wills and estates; family law; litigation. He holds a Bachelor of Laws (Hons) Queensland University of Technology, Bachelor Business (Marketing) Queensland University of Technology, Graduate Diploma (Legal Practice) Australian National University, Queensland Legal Practising Certificate. Admitted to Supreme Court of Queensland and High Court of Australia as a Lawyer. Principal Practising Certificate - Queensland Law Society. Memberships include Gold Coast District Law Association, Queensland Law Society, New South Wales Law Society, Society of Trust and Estate Practitioners (STEP).
Special responsibilities:	Nil

Name:	Georgina Louise Tomlinson
Title:	Non-executive director (appointed 31 May 2023)
Experience and expertise:	Georgina has a Bachelor of Commerce - Australian National University. She has a background in Marketing & Events and Apprenticeship & Traineeship Support. Georgina has worked in the Department of Education and currently at the Department of Regional Development, Manufacturing & Water.
Special responsibilities:	Community Engagement Committee

Name:	Benjamin John Cropmton
Title:	Non-executive director (appointed 1 March 2023)
Experience and expertise:	Benjamin is an Accountant and Solicitor and owns a small combined practice in Tugun. Benjamin is a current board member of Koala Research Foundation Australia and a former board member of Connecting Southern Gold Coast.
Special responsibilities:	Treasurer

Name:	Gabrielle White
Title:	Non-executive director (resigned 26 October 2022)
Experience and expertise:	Gabrielle holds a Bachelor International Business/Bachelor Government & International Relations. Graduate Human Resources Officer (present) - Glencore. Administration Officer (past) - Queensland Airports Limited. Administration Officer (past) - AECOM.
Special responsibilities:	Nil

Name:	Colin Raymond Woodward
Title:	Non-executive director (resigned 4 December 2022)
Experience and expertise:	Bachelor of Business, Fellow of CPA Australia, Fellow of Taxation Institute of Australia, Justice of the Peace (Qualified).
Special responsibilities:	Finance Risk & Audit Committee

Name:	Kelly Marie Sawden
Title:	Non-executive director (resiged 12 April 2023)
Experience and expertise:	Bachelor of Commerce (UQ), Bachelor of Laws (Hons) (UQ), Chartered Accountant, Registered Tax Agent. Managing Director of Ascend Financial Management (current). Previous roles include International Tax Manager at Billabong International Ltd, General Manager Corporate Services and Financial Controller at Queensland Airports Limited, and Corporate Tax Consultant at PricewaterhouseCoopers. Skills include accounting, tax, audit, corporate structuring, cashflow management, budgets and forecasts, financial and management reporting, financial control and business improvement.
Special responsibilities:	Treasurer, Finance Risk & Audit Committee (up until resignation)

Name:	Lisa Kathleen Fitz Gerald
Title:	Non-executive director (resigned 30 June 2023)
Experience and expertise:	Present - Client Liaison - Grower Services Support. 1989 to present - Special event and conference organiser. 2016 - 2011 - On a Mission & Adrenalin Festival Foundation Committee. 2009 - 2011 - St. Clare's Parish School Canteen Convenor. 2002 - 2006 - Mission Beach Outrigger Canoe Club Secretary. 1998 - 2002 - Tully Tennis Club Committee. 1998 - 2003 - St. Clare's Catholic Church Fundraising Co-ordinator Church renovation. Currently a Swim Teacher.
Special responsibilities:	Co-chair, Community Engagement Committee Chair

Company secretary
The company secretary is Robert William Marshall. Robert was appointed to the position of company secretary on 23 January 2008.

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 $323,591 (30 June 2022: $96,830).

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 7 cents per share (2022: 7 cents)	42,000

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 (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board		Finance Risk & Audit Committee		Community Engagement Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter Anthony Dirkx	11	10	-	-	-	-
Cameron Kenneth Window	11	9	9	1	-	-
Robert William Marshall	11	9	9	9	-	-
Norbert Anthony Benton	11	3	9	3	-	-
Sean David Powell	11	10	9	2	-	-
Georgina Louise Tomlinson	2	2	-	-	-	-
Benjamin John Cropmton	5	4	2	2	-	-
Gabrielle White	4	2	-	-	-	-
Colin Raymond Woodward	5	4	-	-	-	-
Kelly Marie Sawden	8	6	8	6	-	-
Lisa Kathleen Fitz Gerald	11	10	-	-	10	8

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
Peter Anthony Dirkx	1,000	-	1,000
Cameron Kenneth Window	10,500	-	10,500
Robert William Marshall	5,500	-	5,500
Norbert Anthony Benton	-	-	-
Sean David Powell	-	-	-
Georgina Louise Tomlinson	-	-	-
Benjamin John Cropmton	-	-	-
Gabrielle White	-	-	-
Colin Raymond Woodward	1,000	-	1,000
Kelly Marie Sawden	-	-	-
Lisa Kathleen Fitz Gerald	3,000	-	3,000

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 25 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 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

Peter Anthony Dirkx
Chair

27 September 2023

Auditor's independence declaration

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Tugun & District Finances Limited

As lead auditor for the audit of Tugun & District Finances 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

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Tugun & District Finances 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	2,049,544	1,144,183
Other revenue		3,309	6,767
Finance revenue		18,348	2,245
Fair value gains/(losses) on financial assets		56	(1,305)
Total revenue		2,071,257	1,151,890
Employee benefits expense	7	(577,218)	(575,714)
Advertising and marketing costs		(28,016)	(12,803)
Occupancy and associated costs		(22,396)	(27,056)
System costs		(17,681)	(20,273)
Depreciation and amortisation expense	7	(127,995)	(128,568)
Finance costs	7	(18,261)	(21,035)
General administration expenses		(138,247)	(125,108)
Total expenses before community contributions and income tax expense		(929,814)	(910,557)
Profit before community contributions and income tax expense		1,141,443	241,333
Charitable donations, sponsorships and grants expense	7	(698,878)	(102,227)
Profit before income tax expense		442,565	139,106
Income tax expense	8	(118,974)	(42,276)
Profit after income tax expense for the year	18	323,591	96,830
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		323,591	96,830
		Cents	**Cents**
Basic earnings per share	27	53.93	16.14
Diluted earnings per share	27	53.93	16.14

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

Tugun & District Finances Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	659,888	317,524
Trade and other receivables	10	174,129	80,949
Financial assets	11	55,859	75,804
Total current assets		889,876	474,277
Non-current assets			
Property, plant and equipment	12	67,533	86,158
Right-of-use assets	13	280,848	358,705
Intangible assets	14	320,988	299,713
Deferred tax assets	8	1,299	-
Total non-current assets		670,668	744,576
Total assets		1,560,544	1,218,853
Liabilities			
Current liabilities			
Trade and other payables	15	23,144	21,566
Lease liabilities	16	60,286	56,841
Current tax liabilities	8	95,660	10,872
Total current liabilities		179,090	89,279
Non-current liabilities			
Trade and other payables	15	43,768	-
Lease liabilities	16	261,036	330,959
Deferred tax liabilities	8	-	4,681
Lease make good provision		24,100	22,975
Total non-current liabilities		328,904	358,615
Total liabilities		507,994	447,894
Net assets		1,052,550	770,959
Equity			
Issued capital	17	600,000	600,000
Retained earnings	18	452,550	170,959
Total equity		1,052,550	770,959

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

Tugun & District Finances 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		600,000	116,129	716,129
Profit after income tax expense		-	96,830	96,830
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	96,830	96,830
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(42,000)	(42,000)
Balance at 30 June 2022		600,000	170,959	770,959

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		600,000	170,959	770,959
Profit after income tax expense		-	323,591	323,591
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	323,591	323,591
Transactions with owners in their capacity as owners:				
Dividends provided for	20	-	(42,000)	(42,000)
Balance at 30 June 2023		600,000	452,550	1,052,550

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

Tugun & District Finances 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)		2,196,527	1,246,674
Payments to suppliers and employees (inclusive of GST)		(1,706,795)	(1,003,272)
Interest received		18,147	2,245
Income taxes paid		(40,166)	(45,877)
Net cash provided by operating activities	26	467,713	199,770
Cash flows from investing activities			
Payments for property, plant and equipment		(1,321)	(32,351)
Payments for intangible assets		(13,263)	(13,735)
Net cash used in investing activities		(14,584)	(46,086)
Cash flows from financing activities			
Dividends paid	20	(42,000)	(42,000)
Repayment of lease liabilities	16	(68,765)	(72,394)
Net cash used in financing activities		(110,765)	(114,394)
Net increase in cash and cash equivalents		342,364	39,290
Cash and cash equivalents at the beginning of the financial year		317,524	278,234
Cash and cash equivalents at the end of the financial year	9	659,888	317,524

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Tugun & District Finances 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:

Registered office	Principal place of business
Occulus Accounting Pty Ltd, 39 Wharf Street, Tweed Heads South NSW	Shop 1 to 3, 482 Golden Four Drive, Tugun QLD.

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.

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

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

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.

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in February 2028.

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

Note 5. Economic dependency (continued)

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

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

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,865,328	979,073
Fee income	74,936	72,555
Commission income	109,280	92,555
	2,049,544	1,144,183

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.

Note 6. Revenue from contracts with customers (continued)

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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

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

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

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

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

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

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

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

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

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

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

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	541,396	524,165
Superannuation contributions	4,647	194
Expenses related to long service leave	(21,889)	385
Other expenses	53,064	50,970
	577,218	575,714

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

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	8,865	8,739
Plant and equipment	4,915	4,381
Motor vehicles	6,166	6,163
	19,946	19,283
Depreciation of right-of-use assets		
Leased land and buildings	63,008	64,245
Amortisation of intangible assets		
Franchise fee	2,202	2,204
Franchise renewal fee	11,021	11,018
Domiciled customer accounts	31,818	31,818
	45,041	45,040
	127,995	128,568

Finance costs

	2023 $	2022 $
Lease interest expense	17,136	19,962
Unwinding of make-good provision	1,125	1,073
	18,261	21,035

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

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	6,552	7,615

Note 7. Expenses (continued)

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 expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	51,510	55,911
Contribution to the Community Enterprise Foundation™	647,368	46,316
	698,878	102,227

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 8. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	125,652	38,900
Movement in deferred tax	(5,980)	3,981
Net benefit of franking credits on distributions received	(698)	(605)
Aggregate income tax expense	118,974	42,276
Prima facie income tax reconciliation		
Profit before income tax expense	442,565	139,106
Tax at the statutory tax rate of 25%	110,641	34,777
Tax effect of:		
Non-deductible expenses	8,856	7,955
Other assessable income	175	149
Net benefit of franking credits on distributions received	(698)	(605)
Income tax expense	118,974	42,276

Note 8. Income tax (continued)

	2023 $	2022 $
Deferred tax attributable to:		
Expense accruals	50	20
Provision for lease make good	(6,025)	(5,744)
Lease liabilities	(80,330)	(96,951)
Property, plant and equipment	14,680	17,580
Investment market value unrealised gain	215	100
Right-of-use assets	70,212	89,676
Tax losses	(101)	-
Deferred tax asset/(liability)	(1,299)	4,681

	2023 $	2022 $
Provision for income tax	95,660	10,872

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

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

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

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

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

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

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	153,885	266,549
Term deposits	51,289	50,975
Sandhurst Select 90 Fund	454,714	-
	659,888	317,524

Note 9. Cash and cash equivalents (continued)

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 10. Trade and other receivables

	2023 $	**2022 $**
Trade receivables	125,916	64,100
Other receivables and accruals	39,647	-
Accrued income	201	7,399
Prepayments	8,365	9,450
	48,213	16,849
	174,129	80,949

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 11. Financial assets

	2023 $	**2022 $**
Equity securities - designated at fair value through profit or loss	55,859	75,804

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other financial assets are classified as non-current.

Accounting policy for financial assets at fair value through other comprehensive income
Financial assets are recognised at fair value. The company has made an irrevocable election to recognise fair value movements of its investment class through other comprehensive income. The company designated the equity securities shown below as at fair value through other comprehensive income because these equity securities represent financial assets that the company intends to hold for the long term for strategic purposes.

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	179,873	179,873
Less: Accumulated depreciation	(149,395)	(140,530)
	30,478	39,343
Plant and equipment - at cost	160,340	159,018
Less: Accumulated depreciation	(134,985)	(130,069)
	25,355	28,949
Motor vehicles - at cost	30,817	30,817
Less: Accumulated depreciation	(19,117)	(12,951)
	11,700	17,866
	67,533	86,158

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 $	Motor vehicles $	Total $
Balance at 1 July 2021	37,882	11,179	24,029	73,090
Additions	10,200	22,151	-	32,351
Depreciation	(8,739)	(4,381)	(6,163)	(19,283)
Balance at 30 June 2022	39,343	28,949	17,866	86,158
Additions	-	1,321	-	1,321
Depreciation	(8,865)	(4,915)	(6,166)	(19,946)
Balance at 30 June 2023	30,478	25,355	11,700	67,533

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	5 to 20 years
Plant and equipment	3 to 10 years
Motor vehicles	3 to 5 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.

Note 12. Property, plant and equipment (continued)

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	536,593	551,440
Less: Accumulated depreciation	(255,745)	(192,735)
	280,848	358,705

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	422,950
Depreciation expense	(64,245)
Balance at 30 June 2022	358,705
Remeasurement adjustments	(14,849)
Depreciation expense	(63,008)
Balance at 30 June 2023	280,848

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	350,000	350,000
Less: Accumulated amortisation	(90,921)	(59,103)
	259,079	290,897
Franchise fee	105,112	94,059
Less: Accumulated amortisation	(94,793)	(92,591)
	10,319	1,468
Franchise renewal fee	225,445	170,182
Less: Accumulated amortisation	(173,855)	(162,834)
	51,590	7,348
	320,988	299,713

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	322,715	3,672	18,366	344,753
Amortisation expense	(31,818)	(2,204)	(11,018)	(45,040)
Balance at 30 June 2022	290,897	1,468	7,348	299,713
Additions	-	11,053	55,263	66,316
Amortisation expense	(31,818)	(2,202)	(11,021)	(45,041)
Balance at 30 June 2023	259,079	10,319	51,590	320,988

Additions
During the financial year the franchise fees were renewed and are being amortised over five years to February 2028.

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.

Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having a useful life and are amortised over their useful life. They are tested for impairment at each reporting period and 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 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2028
Domiciled customer accounts	Straight-line	11 years	June 2032

Note 14. Intangible assets (continued)

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 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	10,763	1,967
Other payables and accruals	12,381	19,599
	23,144	21,566
Non-current liabilities		
Other payables and accruals	43,768	-

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	74,379	74,197
Unexpired interest	(14,093)	(17,356)
	60,286	56,841
Non-current liabilities		
Land and buildings lease liabilities	285,021	370,179
Unexpired interest	(23,985)	(39,220)
	261,036	330,959

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	387,800	440,232
Remeasurement adjustments	(14,849)	-
Lease interest expense	17,136	19,962
Lease payments - total cash outflow	(68,765)	(72,394)
	321,322	387,800

Note 16. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	74,379	74,197
Between 12 months and 5 years	285,021	370,179
	359,400	444,376

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or 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 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
Tugun Branch	4.79%	5 years	N/A	N/A	February 2028

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	600,000	600,000	600,000	600,000

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 17. 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 18. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	170,959	116,129
Profit after income tax expense for the year	323,591	96,830
Dividends paid (note 20)	(42,000)	(42,000)
Retained earnings at the end of the financial year	452,550	170,959

Note 19. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 20. Dividends

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 7 cents per share (2022: 7 cents)	42,000	42,000

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	152,096	119,613
Franking credits (debits) arising from income taxes paid (refunded)	40,166	45,878
Franking debits from the payment of franked distributions	(14,000)	(14,000)
Franking credits from franked distributions received	698	605
	178,960	152,096
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	178,960	152,096
Franking credits (debits) that will arise from payment (refund) of income tax	95,660	10,872
Franking credits available for future reporting periods	274,620	162,968

Note 20. 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 21. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	165,764	71,499
Cash and cash equivalents	659,888	317,524
Financial assets	55,859	75,804
	881,511	464,827
Financial liabilities		
Trade and other payables	66,912	21,566
Lease liabilities	321,322	387,800
	388,234	409,366

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, lease liabilities and equity securities.

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, except for the equity securities which remain at fair value through profit or loss (FVTPL).

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 $659,888 at 30 June 2023 (2022: $317,524).

Note 21. Financial instruments (continued)

Equity Price risk
All of the company's equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss or other comprehensive income. Based on the value of investments at 30 June 2023 the company is not exposed to a significant equity securities price risk.

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

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

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	23,144	43,768	-	66,912
Lease liabilities	74,379	285,021	-	359,400
Total non-derivatives	97,523	328,789	-	426,312

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	21,566	-	-	21,566
Lease liabilities	74,197	370,179	-	444,376
Total non-derivatives	95,763	370,179	-	465,942

Note 22. Fair value measurement

Fair value hierarchy
The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	55,859	-	-	55,859
Total assets	55,859	-	-	55,859

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	75,804	-	-	75,804
Total assets	75,804	-	-	75,804

There were no transfers between levels during the financial year.

Note 23. Key management personnel disclosures

The following persons were directors of Tugun & District Finances Limited during the financial year:

Peter Anthony Dirkx
Cameron Kenneth Window
Robert William Marshall
Norbert Anthony Benton
Sean David Powell
Georgina Louise Tomlinson
Benjamin John Cropmton
Gabrielle White
Colin Raymond Woodward
Kelly Marie Sawden
Lisa Kathleen Fitz Gerald

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 24. Related party transactions

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

Note 25. 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	7,505	2,080
Share registry services	3,804	3,578
	11,969	6,258
	17,369	11,458

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 $	2022 $
Profit after income tax expense for the year	323,591	96,830
Adjustments for:		
Depreciation and amortisation	127,995	128,568
(Increase)/decrease in fair value of equity instruments designated at FVTPL	56	1,305
Lease liabilities interest	17,136	19,962
Change in operating assets and liabilities:		
Increase in trade and other receivables	(73,235)	(25,856)
Increase in deferred tax assets	(1,299)	-
Decrease in trade and other payables	(7,763)	(8,567)
Increase/(decrease) in provision for income tax	84,788	(7,583)
Increase/(decrease) in deferred tax liabilities	(4,681)	3,982
Decrease in employee benefits	-	(9,944)
Increase in other provisions	1,125	1,073
Net cash provided by operating activities	467,713	199,770

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	323,591	96,830
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	600,000	600,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	600,000	600,000

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

Peter Anthony Dirkx
Chair

27 September 2023

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Independent auditor's report to the Directors of Tugun & District Finances Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tugun & District Finances 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 Tugun & District Finances 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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(03) 5443 0344

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