Annual Report 2023

Warrandyte Community Financial Services Limited

Community Bank Warrandyte

ABN 70 102 635 147

Contents

Chairman's report

For year ending 30 June 2023

Overview of financial performance

The 2022/23 financial year was a bumper year! The easing and eventual lifting of all COVID-19 restrictions in October 2022 meant that we were able to resume "business as usual" and get out and about which resulted in our being able to increase our financial returns to stakeholders and the community.

This financial year was our 20th anniversary of providing the community with banking services and despite the slow trading years during Covid restrictions, the half year review of our forecasted full year results revealed that the full financial year was on track to be an exceptional trading year.

Due to the financial performance of Warrandyte Community Financial Services Limited and as part of our birthday celebrations, an additional grants program occurred in April and a special dividend was paid to shareholders in May.

In addition to the special dividend mentioned above, your Board has further declared a dividend of 10 cents per share, fully franked, for the financial year ended 30 June 2023 which will be payable to shareholders registered on the share register at 30 June 2023 (Record Date).

Community Bank Warrandyte trading hours

During the year we continued to experience a number of staff illnesses which on occasions, necessitated a reduction to opening hours. Whilst these sudden and unexpected closures were notified to the community via our Facebook page, I would like to thank the community for its continued understanding and patience during these interruptions to normal trading hours.

I, and my fellow Directors, specifically thank each member of our team for their continued efforts in the provision of customer service to all our stakeholders during these times.

Community

Due to the extraordinary efforts of our team, your Board has committed $1,031,419 to fund community projects, including $700,000 in grants and sponsorships for the 2022/23 year, and the balance as a contribution to the Community Enterprise Foundation™ to fund future projects which will feed into the continued prosperity of our community. Of course, we would not be able to commit such a sum without our customers, and in recognition of that partnership, the Board would like to extend an enormous thank you for your custom.

Annual General Meeting (AGM)

In November, we look forward to holding our AGM and meeting with community groups at the Community Investment Program special night of nights. Similar to last year, the community investment event will immediately follow the AGM and shareholders are invited to attend this event. The Notice of Meeting and Explanatory Notes which will be sent to shareholders in October, will advise the venue and times for both meetings – we look forward to seeing you there!

During the 12 months to 30 June 2023, we farewelled long serving Director, Cliff Dawson and our Community Liaison Officer, Dee Dickson and I would like to take this opportunity to thank both Cliff and Dee for their contribution and commitment to the success of the Company and community.

We appointed Jaime Noye as our new Community Liaison Officer, and I hope you will join me in welcoming Jaime to the team.

On behalf of the whole team, Directors and staff, thank you for your continued support, which strengthens the financial wellbeing of your Community Bank company and our local communities.

Thank you.

Yours sincerely

Aaron Farr
Chair

Manager's report

For year ending 30 June 2023

With the support of the customers of Community Bank Warrandyte, we are extremely proud to have supported our community with community contributions of $700,000 to local groups in the past twelve months. This means over $4.8 million has been allocated to our community since our inception in 2003. This is something I am particularly proud of given the turbulent times we've experienced in the banking sector over the last 12 months.

Increasing interest rates and the cost of living generally have created ongoing challenges for our customers, staff, their families and the broader community, with many of us having changed the way we do our banking. I am incredibly proud of our staff for their professionalism and empathy as many of our customers work to ever-changing times. I would like to thank Jessica King, Jodie Philipsen, Cameron Mackay and our new Customer Relationship Manager, Ryan Alves for their efforts.

In July, we saw Jessica take up a new role as Associate Relationship Manager reporting to Cameron Mackay, our Senior Mobile Relationship Manager, and I wish her well in her new role with our branch.

We continue to look forward to meeting face to face with more customers and assure you that we are available in branch Monday to Friday 9.30am to 5.00pm or by phone to assist you with your financial needs.

During these challenging times, our continued success is even more dependent upon the support of our customers and community. If you are not already banking with us, then I ask you for your support.

You can do this by:

- transferring your banking to Community Bank Warrandyte
- introducing Community Bank Warrandyte to the community groups and organisations with whom you are personally involved
- asking community sponsorship and grant recipients (and their members) to transfer their banking to Community Bank Warrandyte
- inviting shareholders, existing customers and Directors to not only bank with Community Bank Warrandyte but spread the word and advocate for Community Bank Warrandyte.

Community Bank Warrandyte is a real alternative to the four major banks. Our partnership with Bendigo Bank allows us to provide you with a range of Bendigo Bank lending, insurance, business and wealth creation products, together with an expanding digital banking platform.

We maintain our point of difference with pride. Every time you choose to bank with Community Bank Warrandyte, your local community benefits. Not only do up to 80% of our profits go back into our community, we also give our customers choice about the way they choose to bank with us.

A strong commitment from Bendigo Bank is to keep expanding the Bendigo Bank digital banking platform, meaning customers have the choice to conduct their banking online, or to continue to visit Community Bank Warrandyte and transact in a more traditional way. Whichever way you choose to bank, we are committed to assisting you.

It is wonderful to see the impact Community Bank Warrandyte continues to have on our community. Our strength is the partnerships we have with the people of Warrandyte, Wonga Park, Park Orchards and surrounding areas.

Manager's report (continued)

Thank you to all the staff, past and present for their support in branch.

Thank you to the Board of Directors and administrative staff for your ongoing leadership, support and continued commitment of time and effort into impacting our community.

Thanks to our partner, Bendigo Bank, for its continued support and vision.

I would also like to thank our shareholders, who continue to support Community Bank Warrandyte and without whom we would not exist.

And finally, a big thank you to our community groups, local clubs and most of all our customers for choosing us as their Community Bank. Without our customers none of this is possible.

Your ongoing support and advocacy are what continues to drive our business and I look forward to another successful year ahead.

Stewart Gibb
Branch Operations Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

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:	Aaron Michael William Farr
Title:	Non-executive director
Experience and expertise:	B.Com., Grad Dip LP, LL.B. Principal Lawyer, Rush & Hampshire Barristers & Solicitors, Warrandyte. Captain, Wonga Park Fire Brigade.
Special responsibilities:	Chair, Member of Finance & Governance Committee.

Name:	Monica Isobel Piery
Title:	Non-executive director
Experience and expertise:	Boards and Committee Officer, with extensive corporate governance in ASX listed companies.
Special responsibilities:	Vice Chair, Member of Finance & Governance Committee.

Name:	Leanne Whitmore
Title:	Non-executive director
Experience and expertise:	Chartered Accountant (CA) with experience in public practice accounting and private accounting. B.Com., B.Bus (Sys), Grad Dip ICAA.
Special responsibilities:	Treasurer, Member of Finance & Governance Committee

Name:	John Gary Provan
Title:	Non-executive director
Experience and expertise:	Founding Director of Warrandyte Community Financial Services Limited. Former registered domestic/commercial builder. Previous banking experience.

Name:	Claire Louise Jones
Title:	Non-executive director
Experience and expertise:	Variety of roles within the banking sector. BSC Hons Mathematics and Management Science.
Special responsibilities:	Chair of Communications & Public Relations Committee.

Name:	Emma Lorne MacDougal
Title:	Non-executive director
Experience and expertise:	B.A., LL.B., LL.M. Lawyer.
Special responsibilities:	Chair of Finance & Governance Committee.

Name:	Paul Anthony McCarthy
Title:	Non-executive director
Experience and expertise:	Founder of the Business Support Network Pty Ltd. Degree in Community Development, Certified Speaking Professional with 20 years experience in marketing, branding and communications.
Special responsibilities:	Member of the Communications & Public Relations Committee.

Name:	Clifford Dawson
Title:	Non-executive director (resigned 12 September 2022)
Experience and expertise:	Past experience in public practice as a business advisor, tax agent and registered company auditor. B.Ec, FCA.
Special responsibilities:	Member of Finance & Governance Committee.

Name:	Lance Nicolai Ward
Title:	Non-executive director (resigned 4 August 2022)
Experience and expertise:	General Management, Sales and Marketing and Operations, Strategy Development and Execution. LL.B (Hons), PG Dip LP.
Special responsibilities:	Member of Communications & Public Relations Committee.

Company secretary
The company secretary is Jacqueline Anne Thompson. Jacqueline was appointed on 6 December 2021.

Jacqui has extensive experience in HR management and corporate risk & governance and has a BBehSc and Cert. Governance Practice.

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 $65,359 (30 June 2022: $81,795).

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 10 cents per share (2022: 9 cents)	67,946
Fully franked special dividend of 5 cents per share	33,973
	101,919

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		Communications & Public Relations Committee		Finance & Governance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Aaron Michael William Farr	11	11	-	-	3	3
Monica Isobel Piery	11	10	-	-	3	3
Leanne Whitmore	11	11	-	-	3	3
John Gary Provan	11	8	-	-	-	-
Claire Louise Jones	11	10	9	9	-	-
Emma Lorne MacDougal	11	10	-	-	3	3
Paul Anthony McCarthy	11	10	9	9	-	-
Clifford Dawson*	-	-	-	-	-	-
Lance Nicolai Ward	2	1	-	-	-	-

* Leave of absence from 1 July 2022 - 12 September 2022

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Aaron Michael William Farr	1	-	1
Monica Isobel Piery	1	-	1
Leanne Whitmore	1	-	1
John Gary Provan	10,000	-	10,000
Claire Louise Jones	1	-	1
Emma Lorne MacDougal	-	1	1
Paul Anthony McCarthy	-	1	1
Clifford Dawson	1	(1)	-
Lance Nicolai Ward	1	(1)	-

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

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

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

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

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

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

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

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

Aaron Michael William Farr
Non-executive director

22 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 Warrandyte Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22nd September 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Warrandyte Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,987,584	1,160,610
Other revenue		7,309	-
Finance revenue	7	35,140	4,528
Total revenue		2,030,033	1,165,138
Employee benefits expense	8	(547,286)	(524,959)
Advertising and marketing costs		(33,037)	(19,400)
Occupancy and associated costs		(25,008)	(25,003)
System costs		(27,093)	(31,222)
Depreciation and amortisation expense	8	(106,436)	(90,387)
Finance costs	8	(25,893)	(26,264)
General administration expenses		(145,749)	(95,674)
Total expenses before community contributions and income tax expense		(910,502)	(812,909)
Profit before community contributions and income tax expense		1,119,531	352,229
Direct donation, sponsorship and grant payments expense	8	(1,031,419)	(241,912)
Profit before income tax expense		88,112	110,317
Income tax expense	9	(22,753)	(28,522)
Profit after income tax expense for the year	20	65,359	81,795
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		65,359	81,795
		Cents	**Cents**
Basic earnings per share	28	9.62	12.04
Diluted earnings per share	28	9.62	12.04

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

Warrandyte Community Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	50,373	478,819
Trade and other receivables	11	249,275	128,851
Financial assets	12	1,127,794	780,151
Current tax assets	9	7,163	9,731
Total current assets		1,434,605	1,397,552
Non-current assets			
Property, plant and equipment	13	117,115	103,711
Right-of-use assets	14	821,438	729,166
Intangible assets	15	69,450	13,221
Deferred tax assets	9	2,391	16,803
Total non-current assets		1,010,394	862,901
Total assets		2,444,999	2,260,453
Liabilities			
Current liabilities			
Trade and other payables	16	102,469	51,962
Lease liabilities	17	24,755	57,758
Employee benefits	18	44,857	42,688
Total current liabilities		172,081	152,408
Non-current liabilities			
Trade and other payables	16	61,117	-
Lease liabilities	17	832,547	698,207
Employee benefits	18	11,526	5,550
Total non-current liabilities		905,190	703,757
Total liabilities		1,077,271	856,165
Net assets		1,367,728	1,404,288
Equity			
Issued capital	19	657,286	657,286
Retained earnings	20	710,442	747,002
Total equity		1,367,728	1,404,288

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

Warrandyte Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		657,286	726,358	1,383,644
Profit after income tax expense		-	81,795	81,795
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	81,795	81,795
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(61,151)	(61,151)
Balance at 30 June 2022		657,286	747,002	1,404,288

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		657,286	747,002	1,404,288
Profit after income tax expense		-	65,359	65,359
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	65,359	65,359
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(101,919)	(101,919)
Balance at 30 June 2023		657,286	710,442	1,367,728

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

Warrandyte Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,076,510	1,259,386
Payments to suppliers and employees (inclusive of GST)		(1,942,623)	(1,090,127)
Interest received		23,731	1,319
Income taxes paid		(5,773)	(20,841)
Net cash provided by operating activities	27	151,845	149,737
Cash flows from investing activities			
Payments for financial assets	12	(347,643)	(501,651)
Payments for property, plant and equipment	13	(46,886)	(9,325)
Payments for intangible assets		(14,592)	(14,592)
Proceeds from disposal of property, plant and equipment		14,546	-
Net cash used in investing activities		(394,575)	(525,568)
Cash flows from financing activities			
Dividends paid	22	(101,919)	(61,151)
Repayment of lease liabilities	17	(83,797)	(81,357)
Net cash used in financing activities		(185,716)	(142,508)
Net decrease in cash and cash equivalents		(428,446)	(518,339)
Cash and cash equivalents at the beginning of the financial year		478,819	997,158
Cash and cash equivalents at the end of the financial year	10	50,373	478,819

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 Warrandyte Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 144-146 Yarra Street, Warrandyte VIC 3113.

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

Note 3. Significant accounting policies

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

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

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

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

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

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

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

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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

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

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

Note 5. Economic dependency

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

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.

Note 5. Economic dependency (continued)

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- 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	1,873,976	1,050,512
Fee income	56,703	56,665
Commission income	56,905	53,433
	1,987,584	1,160,610

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

Margin income
Margin 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. Finance revenue

	2023 **$**	**2022** **$**
Interest revenue	35,140	4,528

Finance revenue is recognised when earned using the effective interest rate method.

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	466,629	445,961
Non-cash benefits	4,406	-
Superannuation contributions	48,415	44,080
Expenses related to long service leave	2,588	3,101
Other expenses	25,248	31,817
	547,286	524,959

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	10,129	14,456

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

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	15,856	4,506
Plant and equipment	6,301	4,389
Motor vehicles	4,088	3,148
	26,245	12,043
Depreciation of right-of-use assets		
Leased land and buildings	66,969	65,122
Amortisation of intangible assets		
Franchise fee	2,204	2,204
Franchise renewal fee	11,018	11,018
	13,222	13,222
	106,436	90,387

Finance costs

	2023 $	2022 $
Lease interest expense	25,893	26,264

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

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	122,092	91,895
Contribution to the Community Enterprise Foundation™	909,327	150,017
	1,031,419	241,912

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.

Community Enterprise Foundation™ contributions

	2023 $	2022 $
Disaggregation of CEF funds		
Opening balance	204,110	212,535
Contributions paid in	909,327	150,017
Grants paid out	(537,735)	(149,504)
Interest received	3,228	720
Management fees incurred	-	(9,658)
Contributions recognised as a creditor	(47,499)	-
Balance available for distribution	531,431	204,110

During the financial year the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations, sponsorships and grants expenditure included in profit or loss.

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	8,341	20,270
Movement in deferred tax	14,412	8,252
Aggregate income tax expense	22,753	28,522
Prima facie income tax reconciliation		
Profit before income tax expense	88,112	110,317
Tax at the statutory tax rate of 25%	22,028	27,579
Tax effect of:		
Non-deductible expenses	725	943
Income tax expense	22,753	28,522

	2023 $	2022 $
Deferred tax assets		
Property, plant and equipment	(16,077)	-
Employee benefits	14,096	12,353
Lease liabilities	214,325	188,992
Accrued expenses	1,000	470
Income accruals	(3,182)	-
Right-of-use assets	(205,359)	(182,292)
Prepayments	(2,412)	(2,720)
Deferred tax asset	2,391	16,803

	2023 $	2022 $
Income tax refund due	7,163	9,731

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.

Note 9. Income tax (continued)

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	50,373	478,819

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. Term deposits with a maturity period of less than three months are recorded as cash and cash equivalents. Where maturity periods exceed three months, these term deposits are recorded as financial assets.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	226,901	116,654
Accrued income	12,728	1,319
Prepayments	9,646	10,878
	22,374	12,197
	249,275	128,851

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.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Financial assets

	2023 $	2022 $
Term deposits - at amortised cost	1,127,794	780,151

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

Note 13. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	183,464	183,464
Less: Accumulated depreciation	(123,070)	(107,214)
	60,394	76,250
Plant and equipment - at cost	104,835	101,508
Less: Accumulated depreciation	(89,465)	(83,164)
	15,370	18,344
Motor vehicles - at cost	43,559	25,188
Less: Accumulated depreciation	(2,208)	(16,071)
	41,351	9,117
	117,115	103,711

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	71,431	22,733	12,265	106,429
Additions	9,325	-	-	9,325
Depreciation	(4,506)	(4,389)	(3,148)	(12,043)
Balance at 30 June 2022	76,250	18,344	9,117	103,711
Additions	-	3,327	43,559	46,886
Disposals	-	-	(7,237)	(7,237)
Depreciation	(15,856)	(6,301)	(4,088)	(26,245)
Balance at 30 June 2023	60,394	15,370	41,351	117,115

Additions
During the financial year the company purchased a new motor vehicle.

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	1 to 30 years
Plant and equipment	2 to 20 years
Motor vehicles	8 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.

Note 13. Property, plant and equipment (continued)

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

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

Note 14. Right-of-use assets

	2023 **$**	**2022** **$**
Land and buildings - right-of-use	1,087,297	928,056
Less: Accumulated depreciation	(265,859)	(198,890)
	821,438	729,166

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	462,609
Remeasurement adjustments	331,679
Depreciation expense	(65,122)
Balance at 30 June 2022	729,166
Remeasurement adjustments	159,241
Depreciation expense	(66,969)
Balance at 30 June 2023	821,438

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 17 for more information on lease arrangements.

Note 15. Intangible assets

	2023 $	2022 $
Franchise fee	22,593	11,018
Less: Accumulated amortisation	(11,019)	(8,815)
	11,574	2,203
Franchise renewal fee	112,969	55,093
Less: Accumulated amortisation	(55,093)	(44,075)
	57,876	11,018
	69,450	13,221

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	4,407	22,036	26,443
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2022	2,203	11,018	13,221
Additions	11,575	57,876	69,451
Amortisation expense	(2,204)	(11,018)	(13,222)
Balance at 30 June 2023	11,574	57,876	69,450

Additions
During the financial year the franchise fee was renewed and is being amortised over five years to June 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.

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)	June 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2028

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 16. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	61,168	18,238
Other payables and accruals	41,301	33,724
	102,469	51,962
Non-current liabilities		
Other payables and accruals	61,117	-

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 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	86,097	83,589
Unexpired interest	(61,342)	(25,831)
	24,755	57,758
Non-current liabilities		
Land and buildings lease liabilities	1,331,952	828,924
Unexpired interest	(499,405)	(130,717)
	832,547	698,207

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	755,965	479,379
Remeasurement adjustments	159,241	331,679
Lease interest expense	25,893	26,264
Lease payments - total cash outflow	(83,797)	(81,357)
	857,302	755,965

Note 17. Lease liabilities (continued)

Maturity analysis

	2023 $	2022 $
Not later than 12 months	86,097	83,589
Between 12 months and 5 years	371,002	334,356
Greater than 5 years	960,950	494,568
	1,418,049	912,513

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 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
Warrandyte branch	7.25%	5 years	2 x 5 years	Yes	May 2038

Remeasurement adjustments
During the financial year the company extended the lease term of Warrandyte branch lease. As such a remeasurement of the right-of-use asset and lease liability occurred using the revised lease term end date of May 2038.

Note 18. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	44,857	39,300
Long service leave	-	3,388
	44,857	42,688
Non-current liabilities		
Long service leave	11,526	5,550

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

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

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

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

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

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

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

Note 19. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	679,460	679,460	679,460	679,460
Less: Equity raising costs	-	-	(22,174)	(22,174)
	679,460	679,460	657,286	657,286

Note 19. Issued capital (continued)

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

Rights attached to issued capital

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

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

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

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

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.

Note 19. Issued capital (continued)

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 20. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	747,002	726,358
Profit after income tax expense for the year	65,359	81,795
Dividends paid (note 22)	(101,919)	(61,151)
Retained earnings at the end of the financial year	710,442	747,002

Note 21. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 22. Dividends

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

	2023 $	2022 $
Fully franked dividend of 10 cents per share (2022: 9 cents)	67,946	61,151
Fully franked special dividend of 5 cents per share	33,973	-
	101,919	61,151

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

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	414,609	414,152
Franking credits (debits) arising from income taxes paid (refunded)	(4,227)	20,841
Franking debits from the payment of franked distributions	(33,973)	(20,384)
	376,409	414,609
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	376,409	414,609
Franking credits (debits) that will arise from payment (refund) of income tax	(7,163)	(9,713)
Franking credits available for future reporting periods	369,246	404,896

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%.

Note 23. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	239,629	117,973
Cash and cash equivalents	50,373	478,819
Financial assets	1,127,794	780,151
	1,417,796	1,376,943
Financial liabilities		
Trade and other payables	163,586	51,962
Lease liabilities	857,302	755,965
	1,020,888	807,927

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

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

Note 23. Financial instruments (continued)

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 $50,373 at 30 June 2023 (2022: $478,819). The balances held in fixed rate term products are subject to change in market interest rates following the expiry and re-investment of those balances, whilst the balances held in variable rate products are subject to changes in variable market interest rates.

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

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

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

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	102,469	61,117	-	163,586
Lease liabilities	86,097	371,002	960,950	1,418,049
Total non-derivatives	188,566	432,119	960,950	1,581,635

Note 23. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	51,962	-	-	51,962
Lease liabilities	83,589	334,356	494,568	912,513
Total non-derivatives	135,551	334,356	494,568	964,475

Note 24. Key management personnel disclosures

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

Aaron Michael William Farr
Monica Isobel Piery
Leanne Whitmore
John Gary Provan
Claire Louise Jones
Emma Lorne MacDougal
Paul Anthony McCarthy
Clifford Dawson
Lance Nicolai Ward

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.

Compensation
Key management personnel compensation comprised the following.

	2023 $	**2022 $**
Non-executive director payments	8,000	7,000

Compensation of the company's key management personnel paid to the non-executive Chair and non-executive Directors is intended to compensate volunteer Directors for incurred expenses.

Note 25. Related party transactions

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

Note 26. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the company:

	2023 $	**2022 $**
Audit services - AFS		
Audit or review of the financial statements	5,400	2,100
Other services - AFS		
Taxation advice and tax compliance services	1,433	1,325
General advisory services	3,330	200
	4,763	1,525
	10,163	3,625
Audit services - RSD		
Audit or review of the financial statements	-	4,180

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

	2023 $	2022 $
Profit after income tax expense for the year	65,359	81,795
Adjustments for:		
Depreciation and amortisation	106,436	90,388
Net gain on disposal of non-current assets	(7,309)	-
Lease liabilities interest	25,893	26,264
Change in operating assets and liabilities:		
Increase in trade and other receivables	(120,424)	(24,546)
Decrease/(increase) in income tax refund due	2,568	(572)
Decrease in deferred tax assets	14,412	8,253
Increase/(decrease) in trade and other payables	56,765	(46,658)
Increase in employee benefits	8,145	14,813
Net cash provided by operating activities	151,845	149,737

Note 28. Earnings per share

	2023 $	2022 $
Profit after income tax	65,359	81,795

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	679,460	679,460
Weighted average number of ordinary shares used in calculating diluted earnings per share	679,460	679,460

Note 28. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	9.62	12.04
Diluted earnings per share	9.62	12.04

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Directors' declaration

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

Afarr

____
Aaron Michael William Farr
Non-executive director

22 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 Warrandyte Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Warrandyte Community Financial Services Limited (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22nd September 2023

Joshua Griffin
Lead Auditor

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Bendigo Bank