

# Annual Report 2023

Whitehorse Community  
Enterprises Ltd

Community Bank  
Blackburn South

ABN 67 106 202 304



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# Chairman's report

For year ending 30 June 2023



*The Branch provides an important resource to the local community and to maximise the impact that we have on the community we have commenced works on a Branch refresh where we plan to modernise our physical environment to make it more user friendly and impactful. Aligned to this result was a clear message from shareholders to not diversify or lose sight of our original purpose which was to provide a physical banking presence in Blackburn South.*

Our 19th year of operation has proven to be another very busy year and with that financially we have delivered a very strong result which provides us as a company with choice as to how we can invest this positive outcome. In alignment with this, and for the first time, we conducted a Shareholder survey in the final quarter of the financial year. We had a very strong result with greater than 20% of all shareholders choosing to respond to the survey. This was a great outcome, and we received some clear direction from you all as to how you would like to see us take the business forward and this can be broadly grouped in to three main themes.

Firstly, the importance and relevance of having the Community Bank remain in Blackburn South remains top of mind for shareholders and as a Board we remain committed to retaining our physical presence in Blackburn South. The Branch provides an important resource to the local community and to maximise the impact that we have on the community we have commenced works on a Branch refresh where we plan to modernise our physical environment to make it more user friendly and impactful. Aligned to this result was a clear message from shareholders to not diversify or lose sight of our original purpose which was to provide a physical banking presence in Blackburn South.

Secondly, support of the local community remains very important with 82% of shareholders tell us that this was their reason for purchasing shares and 82% of shareholders also tell us that this is their reason for retaining their shareholding. We will continue to work with the local community to do our best to support and build capacity in the City of Whitehorse.

Finally, we acknowledge the long term commitment of many shareholders. We are very aware of the investment that shareholders have made since the incorporation of the company nearly 20 years ago. We are presently in a strong financial position and we are pleased to declare a dividend of 25 cents per share in respect of our 20th anniversary year ended 30 June 2023.

In relation to the past financial year, we have been able to maintain our strong financial position. Revenue grew substantially to \$2,221,500, double the previous year, and profit after tax grew 540% to \$908,480. In prior years the low interest rate environment has led to a suppression of our revenue; however as interest rates have moved up, we have seen a direct correlation with an increase in revenue (which has been also enhanced by a change in the revenue sharing arrangements with the Franchisor). We have closely monitored our costs and we have invested in additional lending capacity in order to grow our business which allow us to deliver stronger and more sustainable results over the longer term. Earnings per share increased from 25.63 cents per share to 138.27 cents per share. We continue to have a strong balance sheet with \$2,383,388 in cash and cash equivalents (up from \$1,379,058 in 2021/22) and \$1,811,285 in retained earnings (up from \$968,506 in 2021/22) for shareholders.

## Chairman's report (continued)

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As always none of this would not be possible without the dedication, commitment and focus of our Branch staff. This year has seen many changes, and we are delighted to have a new Branch Manager, Donna Willett, who we are confident and excited to see take the Branch through this period ahead of us. I would like to acknowledge the fantastic contributions made by all our staff members, both old and new, who consistently go above and beyond to ensure that our customers are delighted, the community is positively engaged, and shareholders value is enhanced. Thank you all!

I would like to recognise and thank the work of all my fellow Directors. It has been a challenging year with much change both on the branch team and Director front and I am very much looking forward to the coming period where we can really focus on the rejuvenation of the branch and enhanced impact with the community. Thank you, and your families, so much for your support, dedication, and commitment.

Finally, once again I would like to thank our shareholders for the trust that they put in our Board of Directors and myself as Chair. I would like to thank you for this privilege and trust that you show in us.

Yours sincerely,



**David Stewart Spong**  
**Chairman**

# Manager's report

For year ending 30 June 2023



*As the business continues to grow, we are providing so many more people with outstanding banking products which in turn, provides us with the means to give back more to clubs and groups through our sponsorship and grants programs.*

I am extremely proud to have been given the opportunity to work for this amazing organisation and more importantly to know that we continue to make a significant contribution to our local community.

While the year ending 30 June 2023 continued to be challenging due to the ongoing recovery from COVID-19 restrictions and numerous interest rate increases – coupled with many people coming off fixed rate loans. I'm pleased to advise that Community Bank Blackburn South had another stellar year, in particular lending growth and increase in our customer numbers.

As we reached the end of the financial year, business under management totalled \$260 million, representing an amazing year with footings growth of \$25 million.

Customer numbers continue to grow month on month, reinforcing the ever-increasing positive profile and attractiveness of Community Banking. These results would not be possible without the following contributions. Firstly, to my staff who are the key driver of our business and of course, the frontline of our customer service. They are to be commended for continuing to provide a professional level of service during unprecedented times of change within the Branch. To Leanne Fyffe, Neha Patel, Marcy Whitby and Henry Tang, a huge thank you for your outstanding personal service, professionalism, enthusiasm, passion, and commitment to Community Bank Blackburn South.

On a sad note, we said farewell to long-standing Branch Manager Peter Grierson, after 13 years, he left us in February. His legacy continues with almost every client having had dealings with Peter during his time here. He is sadly missed, and I thank him for the support he provided during my time working with him. We wish him all the best in his future endeavours.

We also said farewell to Kelly Kerwin and Madi Johnson in November who both moved onto other opportunities. They were liked by staff and customers alike and we wish them all the best for the next phase of their careers. Secondly, to our Directors who work tirelessly to support our branch. The management of Community Bank Blackburn South presented numerous challenges during 2022/23 which were addressed in a diligent and professional manner. My relationship with all of the Board members is something I value, as it provides a unique and positive environment to learn about all that Community Banking offers, and I thank each one of them for their support during the transition from Peter Grierson to myself during the year.

The Community Bank model provides real opportunities for our community, and I would welcome the opportunity to talk to you, your family, or your friends to see how we can assist you and in turn provide increased benefits to our community. Importantly, we offer a full range of competitive Bendigo Bank banking, financial planning, and insurance products to meet your needs. Why not give us a call?

## Manager's report (continued)

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As the business continues to grow, we are providing so many more people with outstanding banking products which in turn, provides us with the means to give back more to clubs and groups through our sponsorship and grants programs. I am extremely proud to have been given the opportunity to work for this amazing organisation and more importantly to know that we are making a significant contribution to our local community.

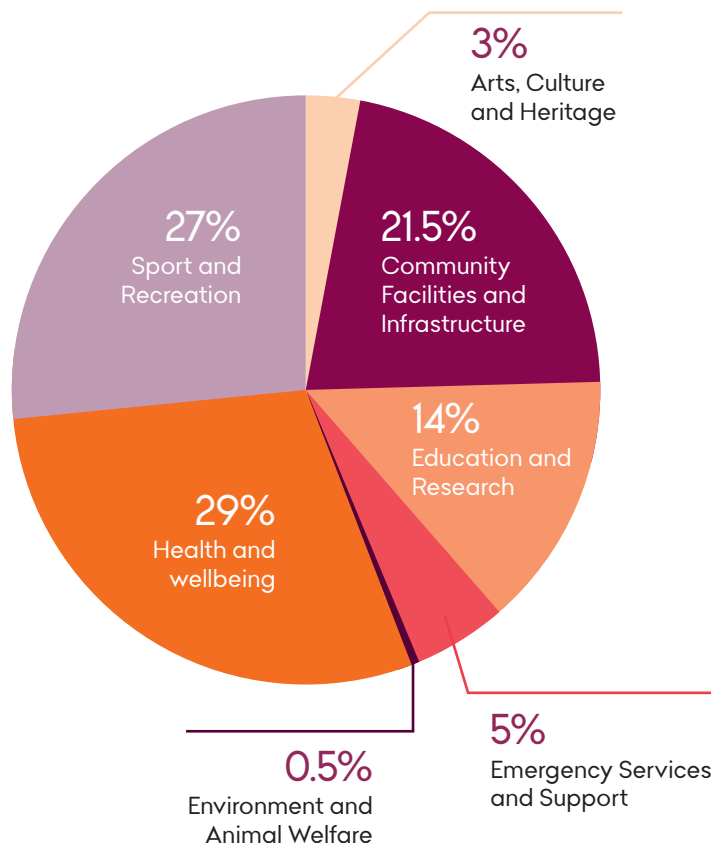
May I again ask that you all continue to play your part in the growth of our bank by spreading the word about the very personal and professional banking services provided by Community Bank Blackburn South, and if I have not met you yet, please introduce yourself the next time you are in the Branch.

**Donna Willett**  
**Branch Manager**

# Community investment

## Cumulative community contributions - to 30 June 2023

Area	Sum of Total
Arts, Culture and Heritage	\$39,674
Community Facilities and Infrastructure	\$273,960
Education and Research	\$177,158
Emergency Services and Support	\$65,681
Environment and Animal Welfare	\$7,100
Health and Wellbeing	\$370,270
Sport and Recreation	\$337,755
<b>Grand total</b>	<b>\$1,271,598</b>



**\$134,583**

Donations, sponsorships and promotion in 2022/23



**307**

Groups assisted since incorporation



**3,753**

Local customers at 30 June 2023



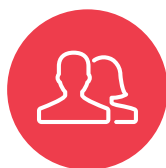
**\$2.283 million**

In cash and cash equivalents at 30 June 2023



**10¢**

Dividend: 10 cent fully franked paid during in 2022/23



**10**

Directors working for Whitehorse Community Enterprises Ltd

## Glossary

Throughout this report we refer to particular terms. Here's what we mean by...

**Footings** means the total deposits, loan and other business held at a particular Community Bank. This is a measure of the banking business we look after for customers.

**Community Investment** means a contribution made by our company to a not-for-profit community-based organisation. This can be in the form of a sponsorship or a grant. Some are big while some are small, and may reflect the number of members from the community that have become customers.

**Community Bank** means a franchise of Bendigo and Adelaide Bank Limited that is operated by a public company owned by people in the community the branch operates in.

## Community investment (continued)

### Grants process update

Community Bank Blackburn South proudly supports our community through sponsorships, grants, donations and major community projects.

During the year, we updated our grants process, introducing three scheduled rounds of applications to add impetus and scale to our future community contributions volume. Branch staff provide significant input in the robust assessment and acquittal process.

We encourage a diverse range of organisations to apply for funding under our Community Investment Program.

### Our community priorities

Applications are invited for projects, programs or activities and events that demonstrate broad community benefit with the Whitehorse district in the following areas:

- Building community connectivity through encouraging participation, helping others and community strengthening. In particular:
  - Mental health support services
  - Family violence/homelessness support services
  - Social/digital inclusion
- Supporting education learning and creativity
- Involving sport to encourage healthy and active lifestyles, volunteering and social change.

In addition to providing financial support to community groups, we are always keen to join in celebrations and special events with our customers and the broader Whitehorse community – that's what Community Banks are all about. Here are some of the varied activities and causes that our staff have supported.

**Nunawading Cricket Club** has over 150 children participating in the game each week. The club has cricket teams for girls and, this season, began focussing on starting a women's program. Our funding supported their girls and women's programs, primarily the provision of uniforms, equipment, coaching and ground rental. The club's target is to have two girls teams and to implement and successfully operate a Women's Social Sixes Program.



**Koonung Park Tennis Club** installed energy efficient LED lighting for two of their tennis courts, increasing the night court capacity from six to eight courts and we contributed towards the installation cost. The benefit of enabling more community tennis players at night translates into growth in family social tennis and increased coaching opportunities.



## Community investment (continued)

### Avenue Neighbourhood House

#### Australia's Biggest Morning Tea

Our Branch Manager, Donna, was honoured to attend this delightful event, bringing together our community in a celebration of togetherness, warmth, and delicious treats.

We extend our heartfelt appreciation to Avenue Neighbourhood House for organizing this meaningful event for those impacted by cancer. With nearly 60 people in attendance, Avenue Neighbourhood House raised over \$400 for those impacted by cancer. We are proud to be part of the community.

Follow their Facebook page to find out more about activities offered.



### Rotary Club Box Hill Central AFL Grand Final Breakfast 2022

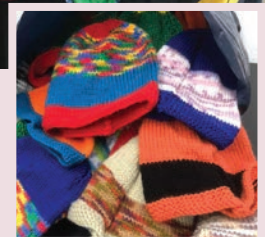
Sport and Life Training (SALT) works with sporting clubs to achieve positive change and facilitate conversations to address the myriad of influences that relate to mental health and wellbeing such as drug and alcohol abuse, violence, suicide, discrimination, mental illness, racism and addiction.

Staff and Board members attended the Box Hill Central Rotary Club's 2022 Grand Final Breakfast, where SALT Chairman Layne Stretton spoke of the group's new program, 'Clubs with Heart'.

Bendigo Bank is the major corporate sponsor of SALT and the Grand Final Breakfast proceeds are also donated to SALT.



### Lions Club of Nunawading Beanies



Last year and part of this year, we donated quite a few bags of beautiful

hand-knitted items made by our customers to the KOGO (Knit One Give One) organisation. We then heard that Lions Club of Nunawading were helping another newly-started local charity organisation, The Generosity Collective, who are based in Mitcham.

We were happy to also help them out with a supply of lovely, warm, winter beanies which would go into packs for those in need. We thank our wonderful community that keep supplying these items for those in need.

### Escabags

#### Escape Bags for Victim/Survivors of Domestic & Family Abuse

Branch staff are proud supporters of Escabags and enjoyed supporting their National aWEARness Day 2023.

We were able to support this organisation by supplying 40 tote bags which our wonderful community sewed.

These bags will be filled with essential items for women fleeing domestic violence.



### Community Bank Blackburn South and Rotary Club of Box Hill Central Community Grants program

In 2018, Community Bank Blackburn South and the Rotary Club of Box Hill Central began a program whereby they would jointly fund a three-year year cycle of community grant funding. Each contribute \$15,000 per annum, creating a pool of \$90,000 in funding available over each three year period.

The targeted recipients are organisations providing services in our Whitehorse community where there is disadvantage, including mental health, family violence homelessness and disability.

The program has been outstandingly successful. Community Bank and Box Hill Central Rotary are each aiming to contribute to the social capital within the City of Whitehorse and so there are great synergies and stronger outcomes created than if we worked alone. For the recipients, it brings certainty of multi-year funding where projects require some time to develop and launch and removes the stress of them continually seeking fresh grants annually.

The program has highly-developed assessment and governance processes in which both parties participate equally and it has strengthened our mutual community engagement and relationships.

#### Projects funded from 2021 to 2023

##### **Prader-Willi Syndrome Australia**

###### *Information material and videos – Receiving the Diagnosis*

This grant created a reference of information that was not previously collated, to help families through the challenges of living with PWS. This funding enabled scoping of the project and development of the Welcome Pack for families who have received a PWS diagnosis.

###### *Siblings with PWS*

Development of a child-ready presentation in book format for children with siblings with PWS.

##### **Alkira Centre - Box Hill Inc.**

###### *Improving wellness and health outcomes for older people with intellectual disabilities*

The grants enabled Alkira to develop and implement the program in a pilot phase. The program was designed to be person-centred for the cohort at the Springfield Community Hub in Nunawading and included movement exercises to assist with mobility and balance, boosting the wellness outcome.

##### **EDVOS - Eastern Domestic Violence Service Inc.**

###### *You are not alone – Family violence support is available*

This grant was used to

- promote and raise awareness on family violence and EDVOS services via safe and accessible promotional strategies, and
- to increase community members' knowledge, awareness and understanding around family violence and gender equality so that they can support their families, neighbour's, friends, colleagues and any of their networks with information and referrals to EDVOS.

##### **Umbrella Dementia Café**

###### *Empowering Families – Living with Dementia*

The grants funded the trial of person-centred activity packs across five categories of interest – Art/Creative, Math/Science, Music, Sport and Cultural Influences. Using the established research, the activities are further developed to the person's ability level, and then further refined to the level of interest. Both ability and interest are determined through research-based instruments.

##### **Whitehorse Churches Care**

###### *Whitehorse Winter Shelter*

A collaboration of seven churches in the City of Whitehorse, the aim of the Whitehorse Winter Shelter project is to connect the people who seek shelter with the services that will see them move out of homelessness.

The program provides 13 weeks of overnight accommodation (dinner, bed and breakfast) using Church buildings as venues. Each church takes one night per week to operate, with a consistent process across all seven sites.

The project engages 150 volunteers and provides accommodation for ten people each night. There is also a vehicle trailer which contains the stretcher, beds, toiletries, towels, bedding, extra heating, games and notice board which moves between sites each day.

## Community investment (continued)

### Melbourne Trailable Yacht Club 4Points Race

Not the sort of club you would think we would sponsor, but as we know a community is made up of all different people.

This race is the final race in Australian Sailing's Trailable Yacht Division's Traveller Series. 2023 series was made up of 7 events across the state including Geelong, Bendigo, Port Albert, Warneet, Gippsland Lakes, and the 4Points race. The race is around Point Ormond (St Kilda), Green Point (Sandringham), Point Cook and Point Gellibrand (Williamstown).

They tell me if you would like to try sailing get in contact with the club" with "If you would like to try sailing, get in contact with the club via Facebook or through our Branch."



### Aussie Bread Tags for Wheelchairs

According to Aussie Bread Tags, 10 TONNES of bread tags have been collected for recycling over the last four years. That's a lot of tags!

We couldn't tell you how many bread tags have been donated by our branch, but we have recently handed over 3 large boxes full to the top.

These will find their way to South Australia where they will be made into a product such as planter boxes or bowls. Profits of these then go towards funding wheelchairs in South Africa to those who otherwise couldn't afford one.



### YES Op Shop – Julia Mosley OAM

We love celebrating our customers.

Recently we were thrilled to hear that in April, Julia Mosley from the Youth Education Support Inc. was awarded an Order of Australia Medal.

Julia over the years has worked tirelessly to raise funds and build awareness of disadvantaged youth.

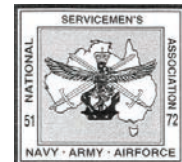
You may have seen YES Op Shop in Mahoneys Rd. Pop in and say hello to Julia and the volunteers. This shop is the main source of income for all the projects that have been funded over the years. These projects range from supplying sleeping bags to helping with text books to funding computers or other IT needs.

Julia, congratulations and so well deserved.



## Community investment (continued)

### Community Sponsorships in 2022/23



### Community Contributions in 2022/23

9th Box Hill Scout Group

Blackburn Orioles Baseball Club

Blackburn T.O.W.N Club

Box Hill Central Rotary Club

Box Hill Golf Club

East Burwood Football and  
Netball Club

Forest Hill Football Club

Forest Hill Secondary College  
Leos Club

Heatherdale Community  
Action Group

Holy Saviour Tennis Club

Koonung Park Tennis Club

Lions Club 2023 Children's Fair

Melbourne Eastern  
Orchid Society

Melbourne Trailable Yacht Club

Migrant Advisory Group

National Breast Cancer  
Foundation

Nunawading Cricket Club

National Serviceman's  
Association of Australia

Nunawading Lions Club

St Francis Xavier Garden Club

St Lukes Parish Fete

Otis Foundation

Umbrella Dementia Cafés

Vermont South Club

Whitehorse Business Awards



# 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

For the financial year ended 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:



### David Stewart Spong

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**Title:** Non-executive director

**Experience and expertise:** David is the Australia and New Zealand Chief Financial Officer and Executive Director for Ericsson, working for both the Australian subsidiary and the parent company, LM Ericsson, since 1997. David's roles have included General Manager Finance, CFO & Finance Director (Saudi Arabia) and Group Business Controller for the Global Ericsson Organization. David has over twenty-five years corporate, SME and not for-profit experience and has worked in Sweden, Saudi Arabia, United Arab Emirates and Australia. Outside his executive career, David has been actively involved in local community not for profit organizations along with a strong engagement with CPA Australia Limited having held the role of Deputy Victorian President in 2014 and Non-Executive Director from 2014 to 2017. In addition to David's CPA involvement he was a member of the RMIT School of Accounting advisory board and was approached by The Prince's Accounting for Sustainability Project to assist in determining the viability of the establishment of an Australian and New Zealand chapter for this key focus area of the Prince of Wales. Bachelor of Business, FCPA (CPA Australia), GAICD (Australian Institute of Company Directors).

**Special responsibilities:** Chairman, Member of the Finance, Governance and Risk Committee, Member of the Strategy Committee, Member of the Branch Operations Committee



### Diane Elizabeth Fisher

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**Title:** Non-executive director

**Experience and expertise:** Diane is Principal of The Balance Approach Pty Ltd and has over 20 years consulting experience with a range of industries from health care delivery, financial services, to logistics transport and utilities. Diane is a member of the Rotary Club of Box Hill Central.

**Special responsibilities:** Chair – Branch Operations Committee

## Directors' report (continued)

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### Andrew Stephen Munroe

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**Title:** Non-executive director

**Experience and expertise:** Telecommunications Engineer – Telstra. Holds a Bachelor of Business degree from Royal Melbourne Institute of Technology. Past executive member and treasurer of a range of community organisations, many in the catchment area of the Blackburn South Branch. Presently a City of Whitehorse Councillor of fifteen years standing, including three terms as Mayor 2012/13, 2014/15 & 2020/21.

**Special responsibilities:** Member of the Strategy Committee.



### Peter John Enlund

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**Title:** Non-executive director

**Experience and expertise:** Fellow of the Institute of Chartered Accountants in Australia and New Zealand, admitted in 1977. Peter holds a Bachelor of Arts (Honours) degree with High Distinction from Monash University. Active member of the Rotary Club of Box Hill Central and a Rotarian for over 34 years. Treasurer of two not-for-profit entities 2015 – 2017. Peter has extensive experience in Australia and USA in a range of executive and Board positions such as Chief Operating Officer, Chief Financial Officer, Group General Manager – Finance and Administration and Company Secretary in a variety of businesses, including four Australian universities, two ASX-listed companies and Divisions of a major Australian ASX-listed manufacturer. Non-executive director of Global Academy of Technology Pty Ltd.

**Special responsibilities:** Member of the Finance, Governance and Risk Committee; Company Secretary



### Daniel Robert Watts

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**Title:** Non-executive director

**Experience and expertise:** Dan is a Chartered Accountant and has a finance, accounting and reporting background. Dan is presently a senior finance manager with BHP and has led financial accounting, management accounting, tax accounting, merger and acquisition transactions and various finance project teams over the past ten years. Prior to BHP, Dan was a manager in the assurance and advisory service line of Deloitte in Australia and Canada. Dan was President of Blackburn Lake Primary School Council from 2017-2020 and has been actively involved in a number of community clubs.

**Special responsibilities:** Treasurer, Chair of the Finance, Governance and Risk Committee, Member of the Branch Operations Committee



### Priscilla Helen Mellado

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**Title:** Non-executive director

**Experience and expertise:** Priscilla is a strategic marketing professional with over twenty years leadership experience in consumer-focused businesses across a range of industries including FMCG, retail, fast food, community radio broadcasting, telecommunications, international mission development and corporate wellbeing services. Outside her corporate responsibilities, Priscilla is actively involved in not for profit community and missions organisations. Priscilla holds a Bachelor of Business (Marketing) and GAICD (Australian Institute of Company Directors)

**Special responsibilities:** Deputy chair, Member of the Community Engagement Committee

## Directors' report (continued)

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### Umberto Mecchi

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**Title:** Non-executive director (resigned 9 August 2023)

**Experience and expertise:** Umberto is the Group Executive, Marketing, Corporate Relations, Policy and Stakeholder relationships at leading Industry super fund Hostplus. Prior to this appointment he was Founder and CEO of Mecchinism Pty Ltd – a marketing consultancy firm between 2019 and 2022. Past experiences include, Chief Marketing Officer at Hostplus where he managed the strategy, business intelligence, PMO, Client Sales and Services and the Marketing portfolios. Umberto's roles have included senior marketing positions with the ANZ Bank, National Mutual/AXA and Zurich Financial Services in addition to working as a campaign strategist for The Shannon Company agency. In 2017, Umberto was ranked 11th in the coveted CMO Top 50 list in Australia in recognition of his marketing Influence and Excellence. Umberto holds a Bachelor of Business (Marketing) from RMIT and a Graduate Diploma in Organisational Leadership from Melbourne Business School. In 2021 Umberto also became a Graduate of the Australian Institute of

company Directors. He is also a Board Director of the Boroondara Eagles Football Club.

**Special responsibilities:** Member of the Community Engagement Committee, Member of the Strategy Committee



### Lelen Kemke

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**Title:** Non-executive director (resigned 30 June 2023)

**Experience and expertise:** Lelen is an experienced tax and legal professional at the Australian Taxation Office with a focus on public and international entities. In her prior roles at PwC Melbourne and PwC Singapore, she advised multinational corporations across different industry lines in respect of mergers and acquisitions, restructures and initial public offerings. She has strong business skills having created and established an award-winning business with over 20 employees and led the operations and strategic direction of the business. She is a member of the Joint Community Grants Committee between Blackburn South Community Bank and Rotary Club of Box Hill Central. Lelen holds a Bachelor of Law and Bachelor of Arts (Psychology) from Monash University and Master of Taxation from the University of Melbourne.

**Special responsibilities:** Chair of the Community Engagement Committee



### Steven Mark Wright

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**Title:** Non-executive director (resigned 1 June 2023)

**Experience and expertise:** Former CEO of BIG4 Holiday Parks 2014-2020. Former CEO Tourism and Event Queensland 2012 – 2013. Former CEO Richmond Football Club 2004 – 2009. Former CEO Australian Grand Prix Corporation 1997 – 2004. Solicitor – Herbert Smith Freehills 1987 – 1996. Steven's other current directorships include East Gippsland Regional Water Corporation (Non-Executive Director) and South East Leisure Pty Limited – Subsidiary of City of Greater Dandenong (chair). Former director at Victorian Tourism Industry Limited.

**Special responsibilities:** Chair of the Strategy Committee

### Company secretary

The company secretary is Peter John Enlund. Peter was appointed to the position of secretary from 1 July 2019.

### 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.



## Directors' report (continued)

### Review of operations

The profit for the company after providing for income tax amounted to \$908,480 (30 June 2022: \$168,373).

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: 10 cents)	65,701

### Significant changes in the state of affairs

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

### Matters subsequent to the end of the financial year

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

### Likely developments

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

### Environmental regulation

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

### Meetings of directors

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

	Board	
	Eligible	Attended
David Stewart Spong	10	10
Diane Elizabeth Fisher	10	9
Andrew Stephen Munroe	10	7
Peter John Enlund	10	7
Daniel Robert Watts	10	8
Priscilla Helen Mellado	10	8
Umberto Mecchi	10	7
Lelen Kemke	10	10
Steven Mark Wright	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 except as disclosed in notes 22 and 23 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' report (continued)

### 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
David Stewart Spong	-	1,000	1,000
Diane Elizabeth Fisher	8,500	-	8,500
Andrew Stephen Munroe	16,002	5,000	21,002
Peter John Enlund	1,000	5,000	6,000
Daniel Robert Watts	500	-	500
Priscilla Helen Mellado	-	-	-
Umberto Mecchi	-	-	-
Lelen Kemke	-	-	-
Steven Mark Wright	-	-	-

### 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 24 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

## Directors' report (continued)

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### Non-audit services (continued)

- 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

*David Spong*

**David Stewart Spong**  
Chairman

12 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 Whitehorse Community Enterprises Ltd

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 12<sup>th</sup> September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor



[afsbendigo.com.au](http://afsbendigo.com.au)

Liability limited by a scheme approved under Professional Standards Legislation.

# Financial statements

## 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	2,221,500	1,109,319
Other revenue		-	5,460
Finance revenue		12,687	3,339
<b>Total revenue</b>		<b>2,234,187</b>	<b>1,118,118</b>
Employee benefits expense	7	(615,550)	(548,895)
Advertising and marketing costs		(33,352)	(9,597)
Occupancy and associated costs		(7,822)	(15,314)
System costs		(17,567)	(20,519)
Depreciation and amortisation expense	7	(71,435)	(70,298)
Loss on disposal of assets		(1,375)	-
Finance costs	7	(4,120)	(7,076)
General administration expenses		(196,852)	(97,028)
<b>Total expenses before community contributions and income tax expense</b>		<b>(948,073)</b>	<b>(768,727)</b>
<b>Profit before community contributions and income tax expense</b>		<b>1,286,114</b>	<b>349,391</b>
Charitable donations and sponsorships expense		(72,601)	(123,507)
<b>Profit before income tax expense</b>		<b>1,213,513</b>	<b>225,884</b>
Income tax expense	8	(305,033)	(57,511)
<b>Profit after income tax expense for the year</b>	<b>18</b>	<b>908,480</b>	<b>168,373</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>908,480</b>	<b>168,373</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	26	138.27	25.63
Diluted earnings per share	26	138.27	25.63

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

## Financial statements (continued)

### Statement of financial position as at 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	9	2,383,388	1,379,058
Trade and other receivables	10	229,858	143,427
Current tax assets	8	-	15,702
<b>Total current assets</b>		<b>2,613,246</b>	<b>1,538,187</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	92,499	94,683
Right-of-use assets	12	35,009	79,456
Intangible assets	13	9,688	22,871
Deferred tax assets	8	-	13,888
<b>Total non-current assets</b>		<b>137,196</b>	<b>210,898</b>
<b>Total assets</b>		<b>2,750,442</b>	<b>1,749,085</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	168,321	142,370
Lease liabilities	15	43,363	47,849
Current tax liabilities	8	231,865	-
Employee benefits	16	26,713	78,472
<b>Total current liabilities</b>		<b>470,262</b>	<b>268,691</b>
<b>Non-current liabilities</b>			
Lease liabilities	15	-	37,813
Deferred tax liabilities	8	1,155	-
Employee benefits	16	2,870	9,205
<b>Total non-current liabilities</b>		<b>4,025</b>	<b>47,018</b>
<b>Total liabilities</b>		<b>474,287</b>	<b>315,709</b>
<b>Net assets</b>		<b>2,276,155</b>	<b>1,433,376</b>
<b>Equity</b>			
Issued capital	17	464,870	464,870
Retained earnings	18	1,811,285	968,506
<b>Total equity</b>		<b>2,276,155</b>	<b>1,433,376</b>

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

## Financial statements (continued)

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2021</b>		464,870	865,834	1,330,704
Profit after income tax expense		-	168,373	168,373
Other comprehensive income, net of tax		-	-	-
<b>Total comprehensive income</b>		-	<b>168,373</b>	<b>168,373</b>
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	20	-	(65,701)	(65,701)
<b>Balance at 30 June 2022</b>		<b>464,870</b>	<b>968,506</b>	<b>1,433,376</b>
<b>Balance at 1 July 2022</b>		464,870	968,506	1,433,376
Profit after income tax expense		-	908,480	908,480
Other comprehensive income, net of tax		-	-	-
<b>Total comprehensive income</b>		-	<b>908,480</b>	<b>908,480</b>
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	20	-	(65,701)	(65,701)
<b>Balance at 30 June 2023</b>		<b>464,870</b>	<b>1,811,285</b>	<b>2,276,155</b>

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

## Financial statements (continued)

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

	Note	2023 \$	2022 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		2,352,469	1,190,308
Payments to suppliers and employees (inclusive of GST)		(1,174,148)	(893,472)
Interest received		6,952	3,339
Interest and other finance costs paid		(257)	(595)
Income taxes paid		(42,423)	(112,113)
<b>Net cash provided by operating activities</b>	<b>25</b>	<b>1,142,593</b>	<b>187,467</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(11,615)	-
Payments for intangible assets		(13,404)	(13,404)
<b>Net cash used in investing activities</b>		<b>(25,019)</b>	<b>(13,404)</b>
<b>Cash flows from financing activities</b>			
Dividends paid	20	(65,701)	(65,701)
Repayment of lease liabilities	15	(47,543)	(50,685)
<b>Net cash used in financing activities</b>		<b>(113,244)</b>	<b>(116,386)</b>
Net increase in cash and cash equivalents		1,004,330	57,677
Cash and cash equivalents at the beginning of the financial year		1,379,058	1,321,381
<b>Cash and cash equivalents at the end of the financial year</b>	<b>9</b>	<b>2,383,388</b>	<b>1,379,058</b>

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



# Notes to the financial statements

For the year ended 30 June 2023

## Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 1/134 Canterbury Road, Blackburn South VIC 3130.

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 12 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.

## Notes to the financial statements (continued)

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### 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.

## Notes to the financial statements (continued)

### 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 March 2024.

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

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

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

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

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls

## Notes to the financial statements (continued)

### Note 5. Economic dependency (continued)

- 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	2,110,183	1,006,920
Fee income	66,924	56,801
Commission income	44,393	45,598
	<b>2,221,500</b>	<b>1,109,319</b>

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

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

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

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

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

#### Revenue calculation

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

#### Margin income

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

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

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

#### Commission income

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

## Notes to the financial statements (continued)

### Note 6. Revenue from contracts with customers (continued)

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	525,804	464,474
Superannuation contributions	56,441	45,168
Expenses related to long service leave	(32,168)	(9,617)
Other expenses	65,473	48,870
	<b>615,550</b>	<b>548,895</b>

#### **Depreciation and amortisation expense**

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	10,867	10,843
Plant and equipment	1,523	1,772
Furniture and fittings	34	37
	<b>12,424</b>	<b>12,652</b>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	45,828	44,462
<i>Amortisation of intangible assets</i>		
Franchise fee	2,197	2,197
Franchise renewal fee	10,986	10,987
	<b>13,183</b>	<b>13,184</b>
	<b>71,435</b>	<b>70,298</b>

## Notes to the financial statements (continued)

### Note 7. Expenses (continued)

#### Finance costs

	2023 \$	2022 \$
Lease interest expense	3,863	6,481
Other	257	595
	<b>4,120</b>	<b>7,076</b>

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

#### Leases recognition exemption

	2023 \$	2022 \$
<b>Expenses relating to low-value leases</b>	<b>5,838</b>	<b>7,061</b>

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.

### Note 8. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	289,990	56,986
Movement in deferred tax	15,043	525
<b>Aggregate income tax expense</b>	<b>305,033</b>	<b>57,511</b>
<i>Prima facie income tax reconciliation</i>		
<b>Profit before income tax expense</b>	<b>1,213,513</b>	<b>225,884</b>
Tax at the statutory tax rate of 25%	303,378	56,471
Tax effect of:		
Non-deductible expenses	1,655	1,040
<b>Income tax expense</b>	<b>305,033</b>	<b>57,511</b>

	2023 \$	2022 \$
<i>Deferred tax attributable to:</i>		
expense accruals	999	425
employee benefits	7,396	21,919
lease liabilities	10,841	21,416
income accruals	(1,434)	-
property, plant and equipment	(10,205)	(10,008)
right-of-use assets	(8,752)	(19,864)
<b>Deferred tax asset/(liability)</b>	<b>(1,155)</b>	<b>13,888</b>

	2023 \$	2022 \$
<b>Income tax refund due</b>	<b>-</b>	<b>15,702</b>

## Notes to the financial statements (continued)

### Note 8. Income tax (continued)

	2023 \$	2022 \$
<b>Provision for income tax</b>	<b>231,865</b>	-

#### *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	352,917	355,539
Term deposits	2,030,471	1,023,519
	<b>2,383,388</b>	<b>1,379,058</b>

#### *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 \$
<b>Trade receivables</b>	<b>217,069</b>	<b>125,890</b>
Other receivables	-	10,244
Accrued income	5,735	-
Prepayments	7,054	7,293
	<b>12,789</b>	<b>17,537</b>
	<b>229,858</b>	<b>143,427</b>

## Notes to the financial statements (continued)

### Note 10. Trade and other receivables (continued)

#### 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 11. Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements - at cost	245,231	239,596
Less: Accumulated depreciation	(161,342)	(155,080)
	<b>83,889</b>	<b>84,516</b>
Plant and equipment - at cost	54,856	54,856
Less: Accumulated depreciation	(46,511)	(44,988)
	<b>8,345</b>	<b>9,868</b>
Furniture and fittings - at cost	4,480	4,480
Less: Accumulated depreciation	(4,215)	(4,181)
	<b>265</b>	<b>299</b>
	<b>92,499</b>	<b>94,683</b>

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 \$	Furniture and fittings \$	Total \$
Balance at 1 July 2021	95,359	11,640	336	107,335
Depreciation	(10,843)	(1,772)	(37)	(12,652)
<b>Balance at 30 June 2022</b>	<b>84,516</b>	<b>9,868</b>	<b>299</b>	<b>94,683</b>
Additions	11,615	-	-	11,615
Disposals	(1,375)	-	-	(1,375)
Depreciation	(10,867)	(1,523)	(34)	(12,424)
<b>Balance at 30 June 2023</b>	<b>83,889</b>	<b>8,345</b>	<b>265</b>	<b>92,499</b>

#### 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 diminishing value and 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 40 years
Plant and equipment	2 to 40 years
Furniture and fittings	6 to 9 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.



## Notes to the financial statements (continued)

### Note 11. 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 12. Right-of-use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	208,632	207,251
Less: Accumulated depreciation	(173,623)	(127,795)
	<b>35,009</b>	<b>79,456</b>

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	120,976
Remeasurement adjustments	2,942
Depreciation expense	(44,462)
<b>Balance at 30 June 2022</b>	<b>79,456</b>
Remeasurement adjustments	1,381
Depreciation expense	(45,828)
<b>Balance at 30 June 2023</b>	<b>35,009</b>

#### 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 15 for more information on lease arrangements.

### Note 13. Intangible assets

	2023 \$	2022 \$
Franchise fee	93,917	93,917
Less: Accumulated amortisation	(92,291)	(90,095)
	<b>1,626</b>	<b>3,822</b>
Franchise renewal fee	169,577	169,577
Less: Accumulated amortisation	(161,515)	(150,528)
	<b>8,062</b>	<b>19,049</b>
	<b>9,688</b>	<b>22,871</b>

## Notes to the financial statements (continued)

### Note 13. Intangible assets (continued)

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	6,020	30,035	36,055
Amortisation expense	(2,197)	(10,987)	(13,184)
<b>Balance at 30 June 2022</b>	<b>3,823</b>	<b>19,048</b>	<b>22,871</b>
Amortisation expense	(2,197)	(10,986)	(13,183)
<b>Balance at 30 June 2023</b>	<b>1,626</b>	<b>8,062</b>	<b>9,688</b>

#### 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)	March 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2024

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

#### Change in estimates

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

### Note 14. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	163,170	29,701
Other payables and accruals	5,151	112,669
	<b>168,321</b>	<b>142,370</b>

#### 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.

#### Change in accounting policy

During previous financial years, BAS payables have been disclosed under other payable and accruals. During the current financial year they are disclosed under trade payables.

## Notes to the financial statements (continued)

### Note 15. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	44,365	51,687
Unexpired interest	(1,002)	(3,838)
	<b>43,363</b>	<b>47,849</b>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	-	38,765
Unexpired interest	-	(952)
	-	<b>37,813</b>

### Reconciliation of lease liabilities

	2023 \$	2022 \$
Opening balance	85,662	126,924
Remeasurement adjustments	1,381	2,942
Lease interest expense	3,863	6,481
Lease payments - total cash outflow	(47,543)	(50,685)
	<b>43,363</b>	<b>85,662</b>

### Maturity analysis

	2023 \$	2022 \$
Not later than 12 months	44,365	51,687
Between 12 months and 5 years	-	38,765
	<b>44,365</b>	<b>90,452</b>

### 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.

## Notes to the financial statements (continued)

### Note 15. Lease liabilities (continued)

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
Blackburn Branch	6.00%	5 years	N/A	N/A	March 2024

### Note 16. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	16,611	42,537
Long service leave	10,102	35,935
	<b>26,713</b>	<b>78,472</b>
<i>Non-current liabilities</i>		
<b>Long service leave</b>	<b>2,870</b>	<b>9,205</b>

#### 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.

## Notes to the financial statements (continued)

### Note 17. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	657,010	657,010	657,010	657,010
Less: Equity raising costs	-	-	(27,887)	(27,887)
Less: Return of capital (2009)	-	-	(59,131)	(59,131)
Less: Return of capital (2010)	-	-	(59,131)	(59,131)
Less: Return of capital (2011)	-	-	(45,991)	(45,991)
	<b>657,010</b>	<b>657,010</b>	<b>464,870</b>	<b>464,870</b>

#### 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.

## Notes to the financial statements (continued)

### Note 17. 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 18. Retained earnings

	2023 \$	2022 \$
Retained earnings at the beginning of the financial year	968,506	865,834
Profit after income tax expense for the year	908,480	168,373
Dividends paid (note 20)	(65,701)	(65,701)
<b>Retained earnings at the end of the financial year</b>	<b>1,811,285</b>	<b>968,506</b>

### 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 \$
<b>Fully franked dividend of 10 cents per share (2022: 10 cents)</b>	<b>65,701</b>	<b>65,701</b>

## Notes to the financial statements (continued)

### Note 20. Dividends (continued)

#### Franking credits

	2023 \$	2022 \$
Franking account balance at the beginning of the financial year	438,361	348,148
Franking credits (debits) arising from income taxes paid (refunded)	24,661	112,113
Franking debits from the payment of franked distributions	(21,900)	(21,900)
	<b>441,122</b>	<b>438,361</b>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	441,122	438,361
Franking credits (debits) that will arise from payment (refund) of income tax	249,628	(15,702)
<b>Franking credits available for future reporting periods</b>	<b>690,750</b>	<b>422,659</b>

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 \$
<b>Financial assets</b>		
Trade and other receivables	222,804	125,890
Cash and cash equivalents	2,383,388	1,379,058
	<b>2,606,192</b>	<b>1,504,948</b>
<b>Financial liabilities</b>		
Trade and other payables	168,321	142,370
Lease liabilities	43,363	85,662
	<b>211,684</b>	<b>228,032</b>

#### Accounting policy for financial instruments

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

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

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

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

## Notes to the financial statements (continued)

### Note 21. Financial instruments (continued)

#### 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.

#### 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.

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. The company held cash and cash equivalents of \$2,383,388 at 30 June 2023 (2022: \$1,379,058).

#### 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.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>				
Trade and other payables	168,321	-	-	168,321
Lease liabilities	44,365	-	-	44,365
<b>Total non-derivatives</b>	<b>212,686</b>	<b>-</b>	<b>-</b>	<b>212,686</b>

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
Trade and other payables	142,370	-	-	142,370
Lease liabilities	51,687	38,765	-	90,452
<b>Total non-derivatives</b>	<b>194,057</b>	<b>38,765</b>	<b>-</b>	<b>232,822</b>



## Notes to the financial statements (continued)

### Note 22. Key management personnel disclosures

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

David Stewart Spong	Priscilla Helen Mellado
Diane Elizabeth Fisher	Umberto Mecchi
Andrew Stephen Munroe	Lelen Kemke
Peter John Enlund	Steven Mark Wright
Daniel Robert Watts	

Key management personnel compensation comprised the following.

	2023 \$	2022 \$
Short-term and post-employment benefits	31,307	28,374
Post-employment benefits	3,287	2,838
	<b>34,594</b>	<b>31,212</b>

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

### Note 23. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
The company secretary has provided the company with secretarial and board support services.	14,763	11,727

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

### Note 24. 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 \$
<i>Audit services</i>		
<b>Audit or review of the financial statements</b>	<b>5,400</b>	<b>5,200</b>
<i>Other services</i>		
Taxation advice and tax compliance services	660	750
General advisory services	3,755	2,890
Share registry services	4,210	3,630
	<b>8,625</b>	<b>7,270</b>
	<b>14,025</b>	<b>12,470</b>

## Notes to the financial statements (continued)

### Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2023 \$	2022 \$
Profit after income tax expense for the year	908,480	168,373
Adjustments for:		
Depreciation and amortisation	71,435	70,298
Net loss on disposal of non-current assets	1,375	-
Lease liabilities interest	3,863	6,481
Change in operating assets and liabilities:		
Increase in trade and other receivables	(86,431)	(53,486)
Decrease/(increase) in income tax refund due	15,702	(15,702)
Decrease in deferred tax assets	13,888	525
Increase in trade and other payables	39,355	61,382
Increase/(decrease) in provision for income tax	231,865	(38,370)
Increase in deferred tax liabilities	1,155	-
Decrease in employee benefits	(58,094)	(12,034)
<b>Net cash provided by operating activities</b>	<b>1,142,593</b>	<b>187,467</b>

### Note 26. Earnings per share

	2023 \$	2022 \$
<b>Profit after income tax</b>	<b>908,480</b>	<b>168,373</b>

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	657,010	657,010
<b>Weighted average number of ordinary shares used in calculating diluted earnings per share</b>	<b>657,010</b>	<b>657,010</b>

	Cents	Cents
Basic earnings per share	138.27	25.63
Diluted earnings per share	138.27	25.63

#### Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Whitehorse Community Enterprises Ltd, by the weighted average number of ordinary shares outstanding during the financial year.

### Note 27. Commitments

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

### Note 28. Contingencies

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

### Note 29. 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

For the financial year ended 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 be-come 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

*David Spong*

**David Stewart Spong**  
**Chairman**

12 September 2023

# Independent audit report



Andrew Frewin Stewart  
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## Independent auditor's report to the Directors of Whitehorse Community Enterprises Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Whitehorse Community Enterprises Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Whitehorse Community Enterprises Ltd, is in accordance with the *Corporations Act 2001*, including:

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

#### Basis for Opinion

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

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

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





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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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 12<sup>th</sup> September 2023

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

**Joshua Griffin**  
Lead Auditor



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 **Bendigo Bank**