Annual Report 2023

Whitsunday Community Enterprises Limited

Community Bank
Cannonvale-Proserpine

ABN 39 150 376 435

Whitsunday Community Enterprises Limited

Annual Report

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Whitsunday Community Enterprises Limited
Chairman's report
30 June 2023

This time last year, we were starting to experience an uplift in business and in particular, margin, which flows through to our bottom line. This has continued and really points out that the economy in general needs some basic interest rates to ensure all parts of the economy can prosper.

You will note in our financial statements (later in this Annual Report) that our Profit after Income Tax (expense)/benefit went from a loss of $77,176 to a profit of $117,143 – a massive turnaround of a positive $194,319.

It was definitely Community Bank Cannonvale-Proserpine's best year since inception.

As a result, the Board has resolved to declare a Dividend of .04c per share, which will be paid on November 08, 2023.

Your Board has seen some changes this year. As noted in the Annual Report last year, Michael Porter and Andrew Telford chose to retire in the financial year, yet both have continued to support the Board from time to time.

We welcomed Gail Anderson, who moved to the area from Cardwell, where she was a Director of the Cardwell & District Community Enterprises Limited Board. We also welcomed Gus Walsgott, who also has a long-term involvement with a Community Bank in Victoria and is heavily involved in the small business sector here in the Whitsundays.

Both have added diverse skills.

To our team at the branch– probably the most satisfaction for me personally is when someone from the community makes an impromptu positive comment about the team, and those comments are regular.

We are always thankful for the bright and happy personalities that lead to happy customers.

As you may be aware, many of 'other' banks are reducing staff, hours, and service. As a Board, we understand costs and service, but also understand that our main point of difference is that person-to-person contact and personal service. Our customers, both personal and small business continue to tell us that is what they appreciate, plus our overall community involvement.

The Board looks forward to another positive year.

Mark Henry
Chairman

Whitsunday Community Enterprises Limited
Community Bank team report
30 June 2023

Building Community Bank Cannonvale & Proserpine's stability has been a major focus this financial year. Having a stable, highly capable team allows us to concentrate on our community, building our brand, and growing the Community Bank Cannonvale-Proserpine. This financial year we have successfully built up the team to now having five staff onboard.

Another big focus has been with the community events and attending as many as possible to volunteer our time back into where it means the most. Below are the organisations Whitsunday Community Enterprises Limited supported over the year to 30 June 2023 via Sponsorships and our Community Trailer:

Airlie Beach Bowls Club

Bowen Seagulls Junior Rugby League

Canegrowers Proserpine

Cannonvale State Primary School

Conservation Council

Great Barrier Reef Festival

Great Endeavour Rally

Music Evolution Project

PCYC Whitsundays

Preston Rural Fire Brigade

Proserpine BMX Club

Proserpine Junior Rugby League

Proserpine Scout Group

Proserpine Taipans Jujitsu Club

Proserpine/Whitsunday Rugby Union

R U OK Mate! event

Show Whitsunday

Tourism Whitsundays

Whitsunday Bald Eagles Masters AFL

Whitsunday Chamber of Commerce

Whitsunday Cruising Car Club

Whitsunday Housing

Whitsunday Moto Sports Club

Whitsunday Neighbourhood Centre

Whitsunday Netball Association

Whitsunday Rotary

Whitsunday Sea Eagles AFL

Whitsunday Touch Football

We would like to acknowledge and thank our Bendigo Regional Manager, Jackie Sequin, who has always been there to support and guide us on a day-to-day basis. Also, a big thanks to our Board of Directors who continue to support the branch and our Community Bank.

We welcome any discussion from our shareholders and their networks considering using our banking and broader range of services. After all, it all contributes to the strength of the Whitsunday community and supporting local business and people.

I look forward to seeing what the year ahead brings, I have no doubt it will be a very successful one.

Chantelle Cendrillon
Branch Manager

The team: Danica, Kristy, Tina & Natasha

Community Bank Report 2023
BEN message
August 2023

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

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

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

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

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

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

Warmest regards.

Justine Minne
Bendigo and Adelaide Bank

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

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

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

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

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

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

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

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

Warm regards

Sarah Franklyn
CBNC Chair

Whitsunday Community Enterprises Limited
Directors' report
30 June 2023

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

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

Name:	Mark Clifford Henry
Title:	Non-executive director
Experience and expertise:	Business Advisor. Mark has over 30 years direct experience in general and financial management in the small and medium business sector. Business qualifications include: Master of Business Administration (Bond) and Fellow of the Institute of Public Accountants. Mark has 10 years experience in Community Banking - 5 years at Varsity Lakes as a Director and Chair, joining Whitsunday Community Enterprises in 2018, as Chair for the past 4 years. Locally Mark also volunteers as Treasurer for Volunteer Marine Rescue Whitsundays Inc.; Music Evolution Project Inc.; Strings Whitsunday Inc.
Special responsibilities:	Chair
Name:	Krystine Margaret Halsey
Title:	Non-executive director
Experience and expertise:	Retired. Worked as a conveyancing clerk in Darwin before moving to the Whitsundays in 1987 where she married and had two children, and has worked in the family business as an office administrator. Has also worked as a book keeper in a part time capacity for many years. Has held a Treasurer position for a local sporting club.
Special responsibilities:	Treasurer
Name:	Ross Percy David Hughes
Title:	Non-executive director
Experience and expertise:	Retired teacher. Diploma of teaching – Primary school teacher and deputy principal (36 years). School and Community Leadership positions: Educational administrator (27 years); Member- Proserpine Community Centre Management Committee; Life member – Proserpine State School P&C Association; Pianist/Organist at Proserpine Whitsunday Uniting and Anglican Churches; Member/Organist/Treasurer of Masonic Lodges in Nth QLD; Member – Whitsunday Friends of the Theatre; Musician in community choir; Whitsunday Regional Council citizen of the year 2013.
Special responsibilities:	Member of Market Development Fund (MDF) Committee - Community Engagement
Name:	Caitlyn Maree Fleming
Title:	Non-executive director
Experience and expertise:	Caitlyn is a Business consultant with experience as a Marketing & Communications professional in the tourism for 10 years before starting a business consultancy specialising in small business success. They hold a Diploma of Business and certificates in Bookkeeping and Project Management.
Special responsibilities:	Company secretary, member of Governance Sub-Committee and Market Development Fund (MDF) Committee
Name:	Gail Vivian Anderson
Title:	Non-executive director (appointed 26th November 2022)
Experience and expertise:	Gail is a Graduate of the Australian Institute of Company Directors, and is a qualified Mediator registered with the Resolution Institute. She is a practicing Adjudication Agent and also holds a Diploma of Teaching. Her career includes extensive Administration, Training, Office Management and Executive Assistant experience in the Construction industry. Gail has been a voluntary committee member and enthusiastic participant in several sporting clubs in both Victoria and Queensland for the majority of her adult life. Gail is passionate about her local community.
Special responsibilities:	Nil.

Name:	Gus Thomas Walsgott
Title:	Non-executive director (appointed 26th November 2022)
Experience and expertise:	Chartered Accountant. Small Business Financial Counsellor. Small Business Owner. Vice President Chamber Commerce.
Special responsibilities:	Vice Chair

Name:	Michael John Porter
Title:	Non-executive director (resigned 26 November 2022)
Experience and expertise:	Company Secretary/Manager. Director has been actively involved in the Company since inception and presides on a number of internal committees. Director also coordinates the activities of the Company's share trading. Since 2008 the director has been the manager with Peak Lobby Group, Canegrowers Prosperine. Previously, the director had 21 years in retail banking and 13 years in a successful franchise venture.
Special responsibilities:	Member of Business Development Sub-Committee and Shareholder Liaison Officer (Low Volume Market responsibilities)

Name:	Andrew John Telford
Title:	Non-executive director (resigned 26 September 2022)
Experience and expertise:	Solicitor. Bachelor of Laws (CLB). Current committee member of Whitsunday Coast Chamber of Commerce and Director of Tourism Whitsundays. Admitted as a solicitor in 1991.
Special responsibilities:	Audit & Corporate Governance and Business Development Committees

Company secretary
The company secretary is Caitlyn Maree Fleming. Caitlyn was appointed to the position of company secretary on 1 January 2022.

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

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

Review of operations
The profit for the company after providing for income tax amounted to $117,143 (30 June 2022: loss of $77,176).

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.

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

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
Mark Clifford Henry	9	9
Krystine Margaret Halsey	9	8
Ross Percy David Hughes	9	7
Caitlyn Maree Fleming	9	8
Gail Vivian Anderson	6	6
Gus Thomas Walsgott	6	6
Michael John Porter	5	5
Andrew John Telford	5	3

Eligible: represents the number of meetings held during the time the director held office.

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements.

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
Mark Clifford Henry	1,501	-	1,501
Krystine Margaret Halsey	6,052	-	6,052
Ross Percy David Hughes	-	-	-
Caitlyn Maree Fleming	2,000	-	2,000
Gail Vivian Anderson	-	-	-
Gus Thomas Walsgott	-	-	-
Michael John Porter	2,581	-	2,581
Andrew John Telford	35,001	-	35,001

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services 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

Mark Clifford Henry
Chair

27 September 2023

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Whitsunday Community Enterprises Limited

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

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

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

Joshua Griffin
Lead Auditor

Whitsunday Community Enterprises Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	639,612	428,289
Other revenue	7	26,993	30,709
Finance revenue		76	7
Total revenue		666,681	459,005
Employee benefits expense	8	(316,532)	(346,307)
Advertising and marketing costs		(4,407)	(11,009)
Occupancy and associated costs		(9,938)	(15,913)
System costs		(15,426)	(17,802)
Depreciation and amortisation expense	8	(58,141)	(66,533)
Finance costs	8	(15,536)	(15,399)
General administration expenses		(71,222)	(64,899)
Total expenses before community contributions and income tax expense		(491,202)	(537,862)
Profit/(loss) before community contributions and income tax (expense)/benefit		175,479	(78,857)
Charitable donations, sponsorships and grants expense		(19,288)	(24,017)
Profit/(loss) before income tax (expense)/benefit		156,191	(102,874)
Income tax (expense)/benefit	9	(39,048)	25,698
Profit/(loss) after income tax (expense)/benefit for the year	20	117,143	(77,176)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		117,143	(77,176)
		Cents	**Cents**
Basic earnings per share	27	14.64	(9.65)
Diluted earnings per share	27	14.64	(9.65)

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

Whitsunday Community Enterprises Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	20,738	7,392
Trade and other receivables	11	20,774	26,255
Total current assets		41,512	33,647
Non-current assets			
Property, plant and equipment	12	112,928	132,481
Right-of-use assets	13	111,548	140,741
Intangible assets	14	82,031	21,618
Deferred tax assets	9	137,183	176,231
Total non-current assets		443,690	471,071
Total assets		485,202	504,718
Liabilities			
Current liabilities			
Trade and other payables	15	21,699	7,442
Borrowings	16	-	142,357
Lease liabilities	17	42,091	37,478
Total current liabilities		63,790	187,277
Non-current liabilities			
Trade and other payables	15	28,552	-
Lease liabilities	17	152,438	194,501
Lease make good provision		6,480	6,141
Total non-current liabilities		187,470	200,642
Total liabilities		251,260	387,919
Net assets		233,942	116,799
Equity			
Issued capital	18	768,948	768,948
Accumulated losses	20	(535,006)	(652,149)
Total equity		233,942	116,799

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

Whitsunday Community Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		768,948	(554,973)	213,975
Loss after income tax benefit		-	(77,176)	(77,176)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(77,176)	(77,176)
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(20,000)	(20,000)
Balance at 30 June 2022		768,948	(652,149)	116,799

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		768,948	(652,149)	116,799
Profit after income tax expense		-	117,143	117,143
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	117,143	117,143
Balance at 30 June 2023		768,948	(535,006)	233,942

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

Whitsunday Community Enterprises Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		738,927	498,818
Payments to suppliers and employees (inclusive of GST)		(512,418)	(531,411)
Interest received		76	7
Interest and other finance costs paid		(3,963)	(2,114)
Net cash provided by/(used in) operating activities	26	222,622	(34,700)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(5,618)	-
Payments for intangible assets		(12,978)	(13,431)
Net cash used in investing activities		(18,596)	(13,431)
Cash flows from financing activities			
Dividends paid	21	-	(20,000)
Repayment of lease liabilities	17	(48,323)	(46,542)
Net cash used in financing activities		(48,323)	(66,542)
Net increase/(decrease) in cash and cash equivalents		155,703	(114,673)
Cash and cash equivalents at the beginning of the financial year		(134,965)	(20,292)
Cash and cash equivalents at the end of the financial year	10	20,738	(134,965)

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

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 87A, 8-28 Galbraith Park Drive, Cannonvale QLD 4802

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2023. The directors have the power to amend and reissue the financial statements.

Going concern
The financial statements for the financial year end 30 June 2023 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

The company’s business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors’ Report. As disclosed in the financial statements, the company's financial position is as follows:

	2023 $	2022 $	Change $	Change %
Current assets	41,512	33,647	7,865	23%
Current liabilities	(63,790)	(187,277)	123,487	(66%)
Working capital (deficiency)	(22,278)	(153,630)	131,352	(85%)

	2023 $	2022 $	Change $	Change %
Total assets	485,202	504,718	(19,516)	(4%)
Total liabilities	(251,260)	(387,919)	136,659	(35%)
Net assets/(liabilities)	233,942	116,799	117,143	100%
Accumulated losses	(535,006)	(652,149)	117,143	(18%)
Profit/(loss) before tax	156,191	(102,874)	259,065	(252%)
Profit/(loss) after tax	117,143	(77,176)	194,319	(252%)
Total comprehensive income	117,143	(77,176)	194,319	(252%)
Operating cash inflows (outflows)	222,622	(34,700)	257,322	(742%)
Cash and cash equivalents	20,738	7,392	13,346	181%
Available overdraft and borrowing facilities	200,000	57,643	142,357	247%

The company overdraft has an approved limit of $200,000 which was not drawn upon as at 30 June 2023.

The company's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the company should be able to operate within the level of its current overdraft facility.

Note 2. Basis of preparation and statement of compliance (continued)

The current economic environment has improved with the RBA increasing the cash rate by 3.25% during the period, positively effecting revenue from margin income. The company has reported a net profit of $117,143 for the year, however, the company was reliant on the overdraft facility for part of the year, and accumulated losses remain high at $535,006. Furthermore, the company had a working capital deficiency as its current liabilities exceeded its current assets by $22,278. Based on this the directors have concluded that whilst the financial position of the company is improving, there is still uncertainty in future financial results that creates some doubt upon the companies ability to continue as a going concern.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the unforeseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual 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.

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.

Note 3. Significant accounting policies (continued)

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.

Other intangible assets
Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

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

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

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

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

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

Note 5. Economic dependency

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in June 2027.

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	547,796	315,409
Fee income	30,151	30,456
Commission income	61,665	82,424
	639,612	428,289

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

Note 7. Other revenue

	2023 $	2022 $
Market development fund	25,625	30,000
Other income	1,368	709
	26,993	30,709

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

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	256,453	279,452
Non-cash benefits	6,036	6,036
Superannuation contributions	26,443	27,969
Expenses related to long service leave	3,191	2,449
Other expenses	24,409	30,401
	316,532	346,307

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

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	19,019	19,956
Plant and equipment	2,742	2,746
Motor vehicles	3,410	3,410
	25,171	26,112
Depreciation of right-of-use assets		
Leased land and buildings	28,493	27,910
Amortisation of intangible assets		
Franchise fee	746	2,086
Franchise renewal fee	3,731	10,425
	4,477	12,511
	58,141	66,533

Finance costs

	2023 $	2022 $
Bank overdraft interest paid or accrued	3,624	1,793
Lease interest expense	11,573	13,284
Unwinding of make-good provision	339	322
	15,536	15,399

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

Recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	5,553	7,120

Note 8. Expenses (continued)

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense/(benefit)		
Movement in deferred tax	(2,425)	(4,788)
Recoupment of prior year tax losses	41,473	-
Future income tax benefit attributable to losses	-	(20,910)
Aggregate income tax expense/(benefit)	39,048	(25,698)
Prima facie income tax reconciliation		
Profit/(loss) before income tax (expense)/benefit	156,191	(102,874)
Tax at the statutory tax rate of 25%	39,048	(25,719)
Tax effect of:		
Non-deductible expenses	-	21
Income tax expense/(benefit)	39,048	(25,698)

	2023 $	2022 $
Deferred tax assets / (liabilities)		
Carried-forward tax losses	129,052	170,525
Provision for lease make good	1,620	1,535
Lease liabilities	48,632	57,995
Right-of-use assets	(27,887)	(35,185)
Property, plant and equipment	(14,234)	(18,639)
Deferred tax asset	137,183	176,231

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.

Note 9. Income tax (continued)

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	20,738	7,392

Reconciliation to cash and cash equivalents at the end of the financial year
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

	2023	2022
Balances as above	20,738	7,392
Bank overdraft (note 16)	-	(142,357)
Balance as per statement of cash flows	20,738	(134,965)

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position cash and cash equivalents comprise cash on hand and deposits held with banks. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	13,680	20,383
Prepayments	7,094	5,872
	20,774	26,255

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	192,111	192,111
Less: Accumulated depreciation	(110,239)	(91,220)
	81,872	100,891
Plant and equipment - at cost	51,903	46,284
Less: Accumulated depreciation	(34,812)	(32,069)
	17,091	14,215
Motor vehicles - at cost	27,278	27,278
Less: Accumulated depreciation	(13,313)	(9,903)
	13,965	17,375
	112,928	132,481

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2021	120,847	16,961	20,785	158,593
Depreciation	(19,956)	(2,746)	(3,410)	(26,112)
Balance at 30 June 2022	100,891	14,215	17,375	132,481
Additions	-	5,618	-	5,618
Depreciation	(19,019)	(2,742)	(3,410)	(25,171)
Balance at 30 June 2023	81,872	17,091	13,965	112,928

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

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

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

Leasehold improvements	4 to 15 years
Plant and equipment	1 to 40 years
Motor vehicles	8 years

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

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

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.

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

Note 13. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	425,109	425,809
Less: Accumulated depreciation	(313,561)	(285,068)
	111,548	140,741

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	162,767
Remeasurement adjustments	5,884
Depreciation expense	(27,910)
Balance at 30 June 2022	140,741
Remeasurement adjustments	(700)
Depreciation expense	(28,493)
Balance at 30 June 2023	111,548

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangible assets

	2023 $	2022 $
Domiciled customer accounts	27,840	27,840
Less: Impairment	(6,222)	(6,222)
	21,618	21,618
Franchise fee	32,007	21,192
Less: Accumulated amortisation	(21,938)	(21,192)
	10,069	-
Franchise renewal fee	110,036	55,961
Less: Accumulated amortisation	(59,692)	(55,961)
	50,344	-
	82,031	21,618

Note 14. Intangible assets (continued)

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

	Domiciled customer accounts $	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2021	21,618	2,086	10,425	34,129
Amortisation expense	-	(2,086)	(10,425)	(12,511)
Balance at 30 June 2022	21,618	-	-	21,618
Additions	-	10,815	54,075	64,890
Amortisation expense	-	(746)	(3,731)	(4,477)
Balance at 30 June 2023	21,618	10,069	50,344	82,031

Additions
During the financial year, the franchise fees were renewed. They are to be amortised over five years to June 2027.

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

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

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

Domiciled customer accounts acquired are recognised at cost at the date of acquisition and are assessed as having indefinite useful life. They are tested for impairment at each reporting period and whenever impairment indicators are present. The indefinite useful life is also reassessed annually.

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2027
Domiciled customer accounts	Assessed for impairment	Indefinite	N/A

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

Chaige 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 significant changes in estimates for the current reporting period.

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	209	935
Other payables and accruals	21,490	6,507
	21,699	7,442
Non-current liabilities		
Other payables and accruals	28,552	-

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

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

Note 16. Borrowings

	2023 $	2022 $
Bank overdraft	-	142,357

Financing arrangements
Unrestricted access was available at the reporting date to the following lines of credit:

	2023 $	2022 $
Total facilities		
Bank overdraft	200,000	200,000
Used at the reporting date		
Bank overdraft	-	142,357
Unused at the reporting date		
Bank overdraft	200,000	57,643

Bank overdraft
The bank overdraft is repayable on demand and used for cash management purposes. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

Note 17. Lease liabilities

	2023 $	2022 $
Current liabilities		
Property lease liabilities	51,551	49,070
Unexpired interest	(9,460)	(11,592)
	42,091	37,478
Non-current liabilities		
Property lease liabilities	165,354	216,877
Unexpired interest	(12,916)	(22,376)
	152,438	194,501

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	231,979	259,352
Remeasurement adjustments	(700)	5,885
Lease interest expense	11,573	13,284
Lease payments - total cash outflow	(48,323)	(46,542)
	194,529	231,979

Maturity analysis

	2023 $	2022 $
Not later than 12 months	51,551	49,070
Between 12 months and 5 years	165,354	216,877
	216,905	265,947

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

Lease payments included in the measurement of the lease liability comprise fixed lease payments 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.

Note 17. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Cannonvale & Prosperine branch	The lease agreement commenced in May 2012. A 5 year renewal option was exercised in May 2022. As such, the lease term end date used in the calculation of the lease liability is May 2027. The discount rate used in calculations is 5.39%.

Lease	**Discount rate**	**Non-cancellable term**	**Renewal options available**	**Reasonably certain to exercise options**	**Lease term end date used in calculations**
Cannonvale & Prosperine Branch	5.39%	5 years	N/A	N/A	May 2027

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	800,013	800,013	800,013	800,013
Less: Equity raising costs	-	-	(31,065)	(31,065)
	800,013	800,013	768,948	768,948

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).

Note 18. Issued capital (continued)

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 160. As at the date of this report, the company had 172 shareholders (2022: 172 shareholders).

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

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

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

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 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 of directors 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.

Note 19. Capital management (continued)

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

Note 20. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(652,149)	(554,973)
Profit/(loss) after income tax (expense)/benefit for the year	117,143	(77,176)
Dividends paid (note 21)	-	(20,000)
Accumulated losses at the end of the financial year	(535,006)	(652,149)

Note 21. Dividends

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

	2023 $	2022 $
Unfranked dividend of Nil cents per share (2022: 2.5 cents)	-	20,000

Dividends proposed but not recognised at balance date
Since the end of the financial year, the board of directors has proposed to pay a unfranked dividend of 4 cents per share, to be paid on 27 October 2023. The financial impact of the dividend, amounting to $32,001, has not been recognised in the financial statements for the financial year ended 30 June 2023, and will be recognised in the subsequent financial statements.

	2023 $	2022 $
Unfranked dividend of 4 cents per share	32,001	-

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

Note 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	13,680	20,383
Cash and cash equivalents	20,738	7,392
	34,418	27,775
Financial liabilities		
Trade and other payables	50,251	7,442
Lease liabilities	194,529	231,979
Bank overdrafts	-	142,357
	244,780	381,778

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, borrowings and lease liabilities.

Note 22. Financial instruments (continued)

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

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $20,738 at 30 June 2023 (2022: $7,392).

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

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

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

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

Financing arrangements
Unused borrowing facilities at the reporting date:

	2023 $	2022 $
Bank overdraft	200,000	57,643

Note 22. Financial instruments (continued)

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	21,699	28,552	-	50,251
Lease liabilities	51,551	165,354	-	216,905
Total non-derivatives	73,250	193,906	-	267,156

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank overdraft	142,357	-	-	142,357
Trade and other payables	7,442	-	-	7,442
Lease liabilities	49,070	216,877	-	265,947
Total non-derivatives	198,869	216,877	-	415,746

The bank overdraft is repayable on demand and used for cash management purposes. It is reviewed annual by the lender, Bendigo Bank. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

Note 23. Key management personnel disclosures

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

Mark Clifford Henry
Krystine Margaret Halsey
Ross Percy David Hughes
Caitlyn Maree Fleming
Gail Vivian Anderson
Gus Thomas Walsgott
Michael John Porter
Andrew John Telford

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

Note 24. Related party transactions

The following transactions occurred with related parties:

	2023 $	**2022 $**
The company used the bookeeping, secretarial and cleaning services of their directors. The total benefit received was:	7,325	4,413

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

Note 25. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,345	2,090
Share registry services	2,600	2,879
	6,605	5,569
	12,005	10,769

Note 26. Reconciliation of profit/(loss) after income tax to net cash provided by/(used in) operating activities

	2023 $	2022 $
Profit/(loss) after income tax (expense)/benefit for the year	117,143	(77,176)
Adjustments for:		
Depreciation and amortisation	58,141	66,533
Lease liability interest	11,573	13,285
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	5,481	(6,015)
Decrease/(increase) in deferred tax assets	39,048	(25,698)
Decrease in trade and other payables	(9,103)	(5,951)
Increase in other provisions	339	322
Net cash provided by/(used in) operating activities	222,622	(34,700)

Note 27. Earnings per share

	2023 $	2022 $
Profit/(loss) after income tax	117,143	(77,176)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	800,013	800,013
Weighted average number of ordinary shares used in calculating diluted earnings per share	800,013	800,013
	Cents	**Cents**
Basic earnings per share	14.64	(9.65)
Diluted earnings per share	14.64	(9.65)

Note 27. Earnings per share (continued)

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

Apart from the dividend declared as disclosed in note 21, no other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Whitsunday Community Enterprises Limited
Directors' declaration
30 June 2023

In the directors' opinion:

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

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

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

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

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

On behalf of the directors

Mark Clifford Henry
Chair

27 September 2023

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

Independent auditor's report to the Directors of Whitsunday Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

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Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net profit after tax of $117,143 during the year ended 30 June 2023, the company had a working capital deficiency as its current liabilities exceeded its current assets by $22,278 and has accumulated losses of $535,006. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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.

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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.
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.

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

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

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

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

Joshua Griffin
Lead Auditor

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Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_31977354 27/09/2023