

# Annual Report 2023

Willaura/Lake Bolac  
Financial Services Limited

Community Bank  
Willaura and Lake Bolac

ABN 83 108 159 422



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# Chairman's report

For year ending 30 June 2023

As Chairman, it gives me great pleasure to table my third Annual Report for the year ending 30 June 2023 and the nineteenth for the Willaura Lake Bolac Financial Services Limited. It is very pleasing to report that FY 2023 has seen a significant upturn in profitability.

For the 2022-23 year, we have seen total income nearly double at \$839,599 and after expenses and taxes our surplus is expected to be \$231,723. In addition the balance of our Community Enterprise Foundation™ account now stands at \$133,627.

We are pleased to announce a dividend of 10 cents per share, a sharp increase from previous years, and this is achievable due to our increased profitability. The total payment to shareholders for 2022-23 will be \$58,291.

There is always a balance between our Stakeholders, namely our Shareholders, our Customers and the Community. The Board believes we have made a balanced distribution keeping in mind that we are regulated to the amount we can pay out to Shareholders. This is calculated on a formula which AFS, our accounts, advise us, I can report we are at the top end of the range.

Currently, our equity remains strong and our earnings per share for the year ending June 2023 were 39.75 cents per share compared with June 2022 at 7.62 cents per share and 2021 at 5.88 cents per share. We are pleased to achieve this result. Community Bank Willaura and Lake Bolac have a strong deposit book, and we continue to expand our lending portfolio.

Community Bank Willaura and Lake Bolac have supported local community organisations through sponsorships to the amount of \$27,132.99 as per the table below and has already approved grants of \$16,630 for the 2023-24 year.

Community contributions for the 2022-23 Financial Year		
Name	Amount	Purpose
Wickliffe Lake Bolac FN Club	\$500.00	2022 Silver Sponsorship
Willaura Golf Club	\$200.00	Tournament Sponsorship
SMW Rovers Football Netball Club	\$500.00	Sponsorship 2022
Willaura Hospital Auxiliary	\$500.00	Sponsorship of Movie Night
Willaura Hospital Auxiliary	\$500.00	Sponsorship of 2022 Market
Lake Bolac & Dist Bowling Club	\$400.00	Tournament Sponsorship
Willaura Development Group	\$500.00	Harvest Celebrations - Photo competition
Willaura Hospital Auxiliary	\$500.00	Sponsorship of 2023 Market
Maroona Primary School	\$100.00	Student Award
Tatyoan Football Netball Club	\$2,200.00	Sponsorship of 2023 season
Wickliffe Lake Bolac Football Netball Club	\$2,000.00	2023 Sponsorship of Weekly Award
Woorndoo Mortlake Football Netball Club	\$2,000.00	Sponsorship of 2023 season
SMW Rovers Football Netball Club	\$2,000.00	Sponsorship of Senior Football & A-grade Netball 2023 season
Moyston Willaura Football Netball Club	\$2,000.00	Gold sponsorship of 2023 season
Willaura Primary School	\$100.00	Student Award
Tatyoan Football Netball Club	\$2,200.00	Equipment & Facility Maintenance grant
Willaura Memorial Hall	\$946.00	Grant for pie warmer
Upper Hopkins Land Management Group	\$7,480.00	Sponsorship of Chatsworth House Field Day
Woorndoo Mortlake Football Netball Club	\$2,506.99	Grant - 2 door glass fridge
	<b>\$27,132.99</b>	

## Chairman's report (continued)



The Chairman, Rowland Paterson, handing over a cheque to the organisers of the Willaura Market.

Our Branch Manager, Jack Oswald, has done a great job in guiding Community Bank Willaura and Lake Bolac over the last three years and growing our book. Jack has accepted a new position as Branch Manager of Community Bank Dunkeld & District. I would like to thank Jack for his contribution to our branch over the period he has been with us; we wish him well in his new position. At the time of writing my report (8 August 2023), we are advertising for a Branch Manager; I will advise of our progress at the AGM.

We are very grateful to all our staff for their commitment, Simone McDonald, Jo Byron and Lia Slattery. We also welcome a new staff member Amanda Mead; during the year, we farewelled Suzanne Neumann, who has taken up a position with Rural Bank in Hamilton.

I again would like to thank Jason Chuck. Jason is the Regional Manager for Southwest, Victoria. Jason has given considerable support to our branch. Jason has accepted a role with Rural Bank as their Area Manager, covering from Geelong to Robe, including ourselves, so we look forward to his new role in supporting our Rural Clients and growing that part of our business.

I would also like to acknowledge Neil Ford of Rural Bank, who has worked tirelessly with Rural Clients in our area.

Finally, our Board. We welcome Hannah Jenkinson as a new Board member. Our company is fortunate to have a very skills-based Board that freely gives their time and is very determined to achieve high levels of banking in our communities and, at the same time, give back to the community. Each member takes on roles suited to their ability and experience, and each member has contributed significantly. Banking is essential for our communities to prosper, and we look forward to the continuing support of the community so that Community Bank Willaura and Lake Bolac can successfully look after their banking needs.

**Rowland Paterson**  
Chairman

# Manager's report

For year ending 30 June 2023

This year we started to see things all change again with the economy trying to bounce back from the previous few years. Regular interest rate changes, and an increase in competitiveness in the industry were significant factors we had to navigate.

For Community Bank Willaura and Lake Bolac, we saw another year of success and it showed with a strong profit being generated over the 2022-23 financial year. The team's integrity and care they have for our customer continued to persevere and the support from the community allowing us to look after their banking needs was evident. Community Bank Willaura and Lake Bolac's performance saw another year of growth.

Including amortisation and discharges our lending book grew over \$2.5 million, which is a great success considering the multiple interest rate rises over the past 12 months. The competitive market in the deposit space had its difficulties to generate significant growth. And as always, we had consistent support and contribution from our colleagues in Business Banking and Rural Bank. By the end of June 2023 our footings reached another new high of \$128 million. An absolute amazing effort.


2022-23 saw a couple of staff changes. Suzanne Neumann accepted a position with Rural Bank in Hamilton and Amanda Mead joined the team as a new Customer Service Officer seamlessly. I would like to congratulate and thank the incredible team at Community Bank Willaura and Lake Bolac. For the branches to achieve the success they have over the year shows how strong your relationships with our customers and community are, you are all hard-working and continually strive to develop and grow in your roles.

To Simone McDonald, Lia Slattery, Jo Byron, Amanda Mead, and Suzanne Neumann, I am very proud of you all, and on behalf of myself, the Board, and the community I am incredibly grateful for your contribution to this team.

I would also like to show my appreciation to the Directors of Willaura/Lake Bolac Financial Services Limited. We have had different challenges to overcome this past financial year but your guidance, support and advice throughout the year has been extremely appreciated. I have been very fortunate, having such a great team of Directors.

Finally, to our customers and shareholders. Without your support, we wouldn't be able to do what we do and to give profits back into the community. I thank you for your support and I encourage you to refer anyone you may know that you feel could benefit from our service, Bendigo Bank Home Loans, Equipment Finance, Insurance, Wealth advice, Rural Bank product offerings or any other banking product, send them our way, we are always more than happy to help.

My team and I hope to see you soon.



**Jack Oswald**  
**Branch Manager**  
**Community Bank Willaura and Lake Bolac**



# Bendigo and Adelaide Bank report

For year ending 30 June 2023

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

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

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

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

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

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



**Justine Minne**  
**Bendigo and Adelaide Bank**

# Directors' report

**30 June 2023**

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

## Directors

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

Name:	Rowland Woolcock Paterson
Title:	Non-executive director
Experience and expertise:	Rowland is self employed as a farmer and media owner. He is also a member of the CFA. Dip Farm Manager. He is also a Director of Commercial Radio Australia (CRA).
Special responsibilities:	Chair
Name:	Colin Robert McKenzie
Title:	Non-executive director
Experience and expertise:	Past chairman Willaura/ lake Bolac Financial Services, Chair Scots Uniting Church Lake Bolac, Chair Lake Bolac & District Historical Society. Life Member Lake Bolac Music Club, life member lake Bolac tennis Club. Past Chair Mininera Tennis Association. Past Councillor and Mayor Ararat Rural City Council. Involved in various sporting, cultural and community activities.
Special responsibilities:	Nil
Name:	David Allan Hucker
Title:	Non-executive director
Experience and expertise:	David is a Veterinary Consultant and Primary producer. He holds a Bachelor of Veterinary Science (Hons) and is a member of MANZCVS. For the past 40 years David has managed veterinary laboratories and a sheep and grains property. Whilst working as a veterinarian he has also held positions of national president and policy councillor of the Australian Sheep Veterinarians. Locally he has been a Board member of the Lake Bolac Bush Nursing Centre for the past 27 years and was President for 20 years.
Special responsibilities:	Treasurer
Name:	Jane Blackburn
Title:	Non-executive director
Experience and expertise:	Solicitor. Senior Commercial Litigation and Employment lawyer, practicing for 10 years. Has a Bachelor of Law and Commerce. Involved in the local farming enterprise with family. Secretary of Lake Bolac & District Kindergarten.
Special responsibilities:	Nil
Name:	Lisa Wills
Title:	Non-executive director
Experience and expertise:	Lisa works in primary production. Corporate management, strategic planning and project delivery. President, Skipton Kindergarten Committee.
Special responsibilities:	Secretary
Name:	Andrea Virginia Armytage
Title:	Non-executive director
Experience and expertise:	Farmer. Bachelor of Laws, past occupation Solicitor from 2005 to 2012. Current Secretary of Upper Hopkins Land Management Group.
Special responsibilities:	Nil
Name:	Timothy Keith McDougall
Title:	Non-executive director
Experience and expertise:	4 Years Economic Development at Ararat Rural City Council, 5 Years - Tourism Industry – Ararat Rural City Council, 3 years - Pyrenees Newspapers Group in Graphic Design, Degree in Graphic Design and Multimedia. Diploma of Business Management. Player and community member of the Tatyoon Football and Netball Club.
Special responsibilities:	Nil

## Directors' report (continued)

Name:	Edward Kelly Philip Weatherly
Title:	Non-executive director (appointed 27 October 2022)
Experience and expertise:	Farm Business Owner and Manager. Diploma of Farm Business Management.
Special responsibilities:	Nil
Name:	Hannah Jenkinson
Title:	Non-executive director (appointed 25 May 2023)
Experience and expertise:	Bachelor of Science. Born and raised on a farm in Willaura and now farms with her husband and two children at Glenthompson. Lifelong interest in the agriculture industry. Over the years has been involved in many community organisations, currently the Secretary/Treasurer of Bornes Hill Rural Fire Brigade and the Treasurer of the Willaura Health care Auxiliary.
Special responsibilities:	Nil
Name:	Lynette Joy Webster
Title:	Non-executive director (resigned 24 November 2022)
Experience and expertise:	Diploma of Business (Accounting) - Swinburne Institute of Technology, Marketing Manager (Telecommunications), Centre Manager (Lake Bolac Information & Business Centre) - current. Local groups involved in; Lake Bolac Eel Festival, Wickliffe Lake Bolac FNC and Friends of Lake Buninjon.
Special responsibilities:	Secretary/Treasurer, Business Development Committee

### Company secretary

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

- Lisa Wills was appointed company secretary on 23 February 2023.
- Lynette Webster was appointed as company secretary on 13 December 2012 and ceased on 23 February 2023.

### 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 \$231,723 (30 June 2022: \$44,394).

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.

	<b>2023</b> <b>\$</b>
Fully franked dividend of 5 cents per share (2022: 3.5 cents)	<u>29,145</u>

### 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.



## Directors' report (continued)

### 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
Rowland Woolcock Paterson	11	11
Colin Robert McKenzie	11	11
David Allan Hucker	11	10
Jane Blackburn	11	10
Lisa Wills	11	9
Andrea Virginia Armytage	11	9
Timothy Keith McDougall	11	3
Edward Kelly Philip Weatherly	8	3
Hannah Jenkinson	2	1
Lynette Joy Webster	5	4

### 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 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

### Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Rowland Woolcock Paterson	5,000	-	5,000
Colin Robert McKenzie	15,001	-	15,001
David Allan Hucker	5,000	-	5,000
Jane Blackburn	-	-	-
Lisa Wills	-	-	-
Andrea Virginia Armytage	1,000	-	1,000
Timothy Keith McDougall	-	-	-
Edward Kelly Philip Weatherly	-	-	-
Hannah Jenkinson	-	-	-
Lynette Joy Webster	-	-	-

### 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.

## Directors' report (continued)

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### Proceedings on behalf of the company

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

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

### Indemnity and insurance of auditor

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

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

### Non-audit services

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

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

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

### Auditor's independence declaration

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

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

On behalf of the directors



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Rowland Woolcock Paterson  
Chair

24 August 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 Willaura/Lake Bolac Financial Services Limited

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

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 24 August 2023

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

**Joshua Griffin**  
Lead Auditor



afs@afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

# Financial statements

## Willaura/Lake Bolac Financial Services Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2023

	Note	2023 \$	2022 \$
Revenue from contracts with customers	6	839,599	414,092
Other revenue	7	11,510	46,781
Finance revenue		8,592	703
Total revenue		<u>859,701</u>	<u>461,576</u>
Employee benefits expense	8	(250,816)	(227,921)
Advertising and marketing costs		(10,295)	(13,632)
Occupancy and associated costs		(17,337)	(17,137)
System costs		(25,394)	(28,565)
Depreciation and amortisation expense	8	(37,112)	(37,344)
Finance costs	8	(5,356)	(5,665)
General administration expenses		(73,264)	(66,591)
Total expenses before community contributions		<u>(419,574)</u>	<u>(396,855)</u>
<b>Profit before community contributions and income tax expense</b>		440,127	64,721
Charitable donations and sponsorships expense		<u>(130,908)</u>	<u>(5,350)</u>
<b>Profit before income tax expense</b>		309,219	59,371
Income tax expense	9	<u>(77,496)</u>	<u>(14,977)</u>
<b>Profit after income tax expense for the year</b>	20	231,723	44,394
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>231,723</u></u>	<u><u>44,394</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28	39.75	7.62
Diluted earnings per share	28	39.75	7.62

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

## Financial statements (continued)

### Willaura/Lake Bolac Financial Services Limited Statement of financial position As at 30 June 2023

	Note	2023 \$	2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	676,627	421,952
Trade and other receivables	11	92,876	50,603
Total current assets		<u>769,503</u>	<u>472,555</u>
<b>Non-current assets</b>			
Property, plant and equipment	12	88,333	106,832
Right-of-use assets	13	56,250	65,132
Intangible assets	14	22,325	30,177
Deferred tax assets	9	5,852	1,277
Total non-current assets		<u>172,760</u>	<u>203,418</u>
<b>Total assets</b>		<u>942,263</u>	<u>675,973</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	60,215	47,323
Lease liabilities	16	11,396	10,631
Current tax liabilities	9	73,577	3,896
Employee benefits	17	24,735	22,960
Total current liabilities		<u>169,923</u>	<u>84,810</u>
<b>Non-current liabilities</b>			
Trade and other payables	15	-	15,081
Lease liabilities	16	68,730	79,777
Employee benefits	17	5,191	1,474
Lease make good provision	18	22,131	21,121
Total non-current liabilities		<u>96,052</u>	<u>117,453</u>
<b>Total liabilities</b>		<u>265,975</u>	<u>202,263</u>
<b>Net assets</b>		<u>676,288</u>	<u>473,710</u>
<b>Equity</b>			
Issued capital	19	565,866	565,866
Retained earnings/(accumulated losses)	20	110,422	(92,156)
<b>Total equity</b>		<u>676,288</u>	<u>473,710</u>

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

## Financial statements (continued)

### Willaura/Lake Bolac Financial Services Limited 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>		565,866	(116,148)	449,718
Profit after income tax expense		-	44,394	44,394
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	44,394	44,394
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	22	-	(20,402)	(20,402)
<b>Balance at 30 June 2022</b>		<u>565,866</u>	<u>(92,156)</u>	<u>473,710</u>
 <b>Balance at 1 July 2022</b>		 565,866	 (92,156)	 473,710
Profit after income tax expense		-	231,723	231,723
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	231,723	231,723
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	22	-	(29,145)	(29,145)
<b>Balance at 30 June 2023</b>		<u>565,866</u>	<u>110,422</u>	<u>676,288</u>

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



## Financial statements (continued)

### Willaura/Lake Bolac Financial Services Limited 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)		903,333	477,450
Payments to suppliers and employees (inclusive of GST)		(577,335)	(389,079)
Interest received		430	1,005
Income taxes paid		(12,390)	(15,555)
Net cash provided by operating activities	27	314,038	73,821
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(1,879)	(15,000)
Payments for intangible assets		(13,710)	(13,710)
Net cash used in investing activities		(15,589)	(28,710)
<b>Cash flows from financing activities</b>			
Dividends paid	22	(29,145)	(20,402)
Repayment of lease liabilities	16	(14,629)	(14,629)
Net cash used in financing activities		(43,774)	(35,031)
Net increase in cash and cash equivalents		254,675	10,080
Cash and cash equivalents at the beginning of the financial year		421,952	411,872
Cash and cash equivalents at the end of the financial year	10	676,627	421,952

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

# Notes to the financial statements

**30 June 2023**

## **Note 1. Reporting entity**

The financial statements cover Willaura/Lake Bolac Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 70 Main Street, Willaura VIC 3379.

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 24 August 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, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. 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)

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### 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.

#### *Lease make good provision*

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

### Note 5. Economic dependency

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

## Notes to the financial statements (continued)

### Note 5. Economic dependency (continued)

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	657,776	236,481
Fee income	20,471	19,626
Commission income	161,352	157,985
	<u>839,599</u>	<u>414,092</u>

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

## Notes to the financial statements (continued)

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

#### *Margin*

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
<b>plus:</b>	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
<b>minus:</b>	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 revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

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

#### *Fee income*

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

#### *Core banking products*

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

#### *Ability to change financial return*

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

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

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

### Note 7. Other revenue

	2023 \$	2022 \$
Market development fund	10,000	15,000
Other income	1,510	31,781
	<u>11,510</u>	<u>46,781</u>

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.



## Notes to the financial statements (continued)

### Note 7. Other revenue (continued)

<u>Revenue stream</u>	<u>Revenue recognition policy</u>
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.

#### *Other income*

Other income has decreased due to monies received from Ararat Council in the previous financial year for contribution towards the purchase of a trailer for community use.

### Note 8. Expenses

#### Employee benefits expense

	2023 \$	2022 \$
Wages and salaries	205,175	191,551
Non-cash benefits	7,104	6,004
Superannuation contributions	21,861	17,954
Expenses related to long service leave	5,774	2,051
Other expenses	10,902	10,361
	<u>250,816</u>	<u>227,921</u>

## Notes to the financial statements (continued)

### Note 8. Expenses (continued)

#### Depreciation and amortisation expense

	2023 \$	2022 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	5,968	6,164
Plant and equipment	1,431	1,378
Motor vehicles	12,979	7,308
	<u>20,378</u>	<u>14,850</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>8,882</u>	<u>8,882</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	1,309	2,269
Franchise renewal fee	6,543	11,343
	<u>7,852</u>	<u>13,612</u>
	<u><u>37,112</u></u>	<u><u>37,344</u></u>

#### Finance costs

	2023 \$	2022 \$
Lease interest expense	4,347	4,688
Unwinding of make-good provision	<u>1,009</u>	<u>977</u>
	<u><u>5,356</u></u>	<u><u>5,665</u></u>

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

#### Leases recognition exemption

	2023 \$	2022 \$
Expenses relating to low-value leases	<u>7,871</u>	<u>9,791</u>

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.

## Notes to the financial statements (continued)

### Note 9. Income tax

	2023 \$	2022 \$
<i>Income tax expense</i>		
Current tax	82,071	11,105
Movement in deferred tax	(4,575)	3,872
Aggregate income tax expense	<u>77,496</u>	<u>14,977</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>309,219</u>	<u>59,371</u>
Tax at the statutory tax rate of 25%	77,305	14,843
Tax effect of:		
Non-deductible expenses	<u>191</u>	<u>134</u>
Income tax expense	<u>77,496</u>	<u>14,977</u>
	<b>2023 \$</b>	<b>2022 \$</b>
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(12,140)	(16,356)
Employee benefits	7,482	6,110
Provision for lease make good	5,533	5,280
Accrued expenses	1,125	-
Income accruals	(2,117)	(76)
Lease liabilities	20,032	22,602
Right-of-use assets	(14,063)	(16,283)
Deferred tax asset	<u>5,852</u>	<u>1,277</u>
	<b>2023 \$</b>	<b>2022 \$</b>
Provision for income tax	<u>73,577</u>	<u>3,896</u>

#### *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.

## Notes to the financial statements (continued)

### Note 9. Income tax (continued)

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

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

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

### Note 10. Cash and cash equivalents

	2023 \$	2022 \$
Cash at bank and on hand	229,811	175,565
Term deposits	446,816	246,387
	<u>676,627</u>	<u>421,952</u>

#### *Accounting policy for cash and cash equivalents*

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

### Note 11. Trade and other receivables

	2023 \$	2022 \$
Trade receivables	77,831	45,070
Accrued income	8,464	302
Prepayments	6,581	5,231
	<u>15,045</u>	<u>5,533</u>
	<u>92,876</u>	<u>50,603</u>

#### *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.

## Notes to the financial statements (continued)

### Note 12. Property, plant and equipment

	2023 \$	2022 \$
Leasehold improvements - at cost	123,015	123,015
Less: Accumulated depreciation	(82,948)	(76,980)
	<u>40,067</u>	<u>46,035</u>
Plant and equipment - at cost	80,404	78,525
Less: Accumulated depreciation	(75,390)	(73,959)
	<u>5,014</u>	<u>4,566</u>
Motor vehicles - at cost	64,897	64,897
Less: Accumulated depreciation	(21,645)	(8,666)
	<u>43,252</u>	<u>56,231</u>
	<u><u>88,333</u></u>	<u><u>106,832</u></u>

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

	Leasehold improvements \$	Plant & equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2021	52,199	5,944	33,539	91,682
Additions	-	-	30,000	30,000
Depreciation	(6,164)	(1,378)	(7,308)	(14,850)
Balance at 30 June 2022	46,035	4,566	56,231	106,832
Additions	-	1,879	-	1,879
Depreciation	(5,968)	(1,431)	(12,979)	(20,378)
Balance at 30 June 2023	<u><u>40,067</u></u>	<u><u>5,014</u></u>	<u><u>43,252</u></u>	<u><u>88,333</u></u>

#### Accounting policy for property, plant and equipment

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

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

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

Leasehold improvements	1 to 23 years
Plant and equipment	4 to 40 year
Motor vehicles	5 years

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

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

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

## Notes to the financial statements (continued)

### Note 12. Property, plant and equipment (continued)

#### *Changes in estimates*

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

### Note 13. Right-of-use assets

	2023 \$	2022 \$
Land and buildings - right-of-use	222,044	222,044
Less: Accumulated depreciation	(165,794)	(156,912)
	<u>56,250</u>	<u>65,132</u>

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	74,014
Depreciation expense	<u>(8,882)</u>
Balance at 30 June 2022	65,132
Depreciation expense	<u>(8,882)</u>
Balance at 30 June 2023	<u>56,250</u>

#### *Accounting policy for right-of-use assets*

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

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

Refer to note 16 for more information on lease arrangements.

### Note 14. Intangible assets

	2023 \$	2022 \$
Franchise fee	93,444	93,444
Less: Accumulated amortisation	(89,724)	(88,415)
	<u>3,720</u>	<u>5,029</u>
Franchise renewal fee	167,220	167,220
Less: Accumulated amortisation	(148,615)	(142,072)
	<u>18,605</u>	<u>25,148</u>
	<u>22,325</u>	<u>30,177</u>



## Notes to the financial statements (continued)

### 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:

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2021	7,298	36,491	43,789
Amortisation expense	(2,269)	(11,343)	(13,612)
Balance at 30 June 2022	5,029	25,148	30,177
Amortisation expense	(1,309)	(6,543)	(7,852)
Balance at 30 June 2023	<u>3,720</u>	<u>18,605</u>	<u>22,325</u>

#### 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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 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 15. Trade and other payables

	2023 \$	2022 \$
<i>Current liabilities</i>		
Trade payables	16,678	10,065
Other payables and accruals	<u>43,537</u>	<u>37,258</u>
	<u>60,215</u>	<u>47,323</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>-</u>	<u>15,081</u>

#### 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.

## Notes to the financial statements (continued)

### Note 16. Lease liabilities

	2023 \$	2022 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	14,628	14,628
Unexpired interest	(3,232)	(3,997)
	<u>11,396</u>	<u>10,631</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	78,019	92,647
Unexpired interest	(9,289)	(12,870)
	<u>68,730</u>	<u>79,777</u>
<i>Reconciliation of lease liabilities</i>		
	2023 \$	2022 \$
Opening balance	90,408	100,349
Lease interest expense	4,347	4,688
Lease payments - total cash outflow	(14,629)	(14,629)
	<u>80,126</u>	<u>90,408</u>
<i>Maturity analysis</i>		
	2023 \$	2022 \$
Not later than 12 months	14,628	14,628
Between 12 months and 5 years	58,514	58,514
Greater than 5 years	19,505	34,133
	<u>92,647</u>	<u>107,275</u>

#### 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.

## Notes to the financial statements (continued)

### Note 16. 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:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Lake Bolac agency	4.79%	10 years	N/A	N/A	November 2029
Willaura branch*	N/A	5 years	2 x 5 years	Yes	N/A

\* Willaura branch - Due to the insignificant amounts involved in this lease it has not been recognised under AASB 16 and continues to be expensed through occupancy and associated costs annually when paid.

### Note 17. Employee benefits

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	12,570	12,852
Long service leave	12,165	10,108
	<u>24,735</u>	<u>22,960</u>
<i>Non-current liabilities</i>		
Long service leave	<u>5,191</u>	<u>1,474</u>

#### 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.

## Notes to the financial statements (continued)

### Note 17. Employee benefits (continued)

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

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

### Note 18. Lease make good provision

	2023 \$	2022 \$
Lease make good	22,131	21,121

#### *Lease make good*

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision for the Lake Bolac Agency to be \$30,000, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on November 2029 at which time it is expected the face-value costs to restore the premises will fall due.

#### *Accounting policy for provisions*

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

### Note 19. Issued capital

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	582,912	582,912	582,912	582,912
Less: Equity raising costs	-	-	(17,046)	(17,046)
	582,912	582,912	565,866	565,866

#### *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.

## Notes to the financial statements (continued)

### Note 19. Issued capital (continued)

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

#### Dividends

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

#### Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

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

#### *Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

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

### Note 20. Retained earnings/(accumulated losses)

	2023	2022
	\$	\$
Accumulated losses at the beginning of the financial year	(92,156)	(116,148)
Profit after income tax expense for the year	231,723	44,394
Dividends paid (note 22)	(29,145)	(20,402)
Retained earnings/(accumulated losses) at the end of the financial year	<u>110,422</u>	<u>(92,156)</u>

## Notes to the financial statements (continued)

### Note 21. Capital management

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

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

The distribution limit is the greater of:

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

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

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

### Note 22. Dividends

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

	2023 \$	2022 \$
Fully franked dividend of 5 cents per share (2022: 3.5 cents)	29,145	20,402

#### Franking credits

	2023 \$	2022 \$
Franking account balance at the beginning of the financial year	16,667	7,913
Franking credits (debits) arising from income taxes paid (refunded)	12,390	15,555
Franking debits from the payment of franked distributions	(9,715)	(6,801)
	19,342	16,667
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	19,342	16,667
Franking credits (debits) that will arise from payment (refund) of income tax	73,577	3,896
Franking credits available for future reporting periods	92,919	20,563

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.



## Notes to the financial statements (continued)

### Note 23. Financial instruments

	2023 \$	2022 \$
<b>Financial assets</b>		
Trade and other receivables	86,295	45,372
Cash and cash equivalents	676,627	421,952
	<u>762,922</u>	<u>467,324</u>
<b>Financial liabilities</b>		
Trade and other payables	60,215	62,404
Lease liabilities	80,126	90,408
	<u>140,341</u>	<u>152,812</u>

#### *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.

#### **Financial risk management**

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

#### **Market risk**

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$676,627 at 30 June 2023 (2022: \$421,952).

#### **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.

## Notes to the financial statements (continued)

### Note 23. Financial instruments (continued)

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 of the bank, 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	60,215	-	-	60,215
Lease liabilities	14,628	58,514	19,505	92,647
Total non-derivatives	74,843	58,514	19,505	152,862
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
Trade and other payables	47,323	15,081	-	62,404
Lease liabilities	14,628	58,514	34,133	107,275
Total non-derivatives	61,951	73,595	34,133	169,679

### Note 24. Key management personnel disclosures

The following persons were directors of Willaura/Lake Bolac Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements

Colin Robert McKenzie  
Rowland Woolcock Paterson  
Jane Blackburn  
Andrea Virginia Armytage  
David Allan Hucker

Lisa Wills  
Timothy Keith McDougall  
Edward Kelly Philip Weatherly  
Hannah Jenkinson  
Lynette Joy Webster

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

There are no executives within the company whose remuneration is required to be disclosed.

## Notes to the financial statements (continued)

### Note 25. Related party transactions

The following transactions occurred with related parties:

	2023 \$	2022 \$
Rowland Paterson provided advertising on commercial radio during the year.	6,638	5,546
Lake Bolac Information & Business Centre received payments for its rent and other services from Willaura/Lake Bolac FSL during the year. Lyn Webster is an employee of this not for profit association. Lyn receives no personal gain from these transactions.	19,828	16,795

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

### Note 26. 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>		
Audit or review of the financial statements	5,400	5,200
<i>Other services</i>		
Taxation advice and tax compliance services	660	600
General advisory services	3,926	3,704
	4,586	4,304
	9,986	9,504

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

	2023 \$	2022 \$
Profit after income tax expense for the year	231,723	44,394
Adjustments for:		
Depreciation and amortisation	37,112	37,015
Lease liabilities interest	4,347	4,688
Change in operating assets and liabilities:		
Increase in trade and other receivables	(42,273)	(11,954)
Decrease/(increase) in deferred tax assets	(4,575)	3,871
Increase/(decrease) in trade and other payables	11,521	(3,841)
Increase/(decrease) in provision for income tax	69,681	(4,449)
Increase in employee benefits	5,492	3,120
Increase in other provisions	1,010	977
Net cash provided by operating activities	314,038	73,821

## Notes to the financial statements (continued)

### Note 28. Earnings per share

	2023 \$	2022 \$
Profit after income tax	<u>231,723</u>	<u>44,394</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>582,912</u>	<u>582,912</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>582,912</u>	<u>582,912</u>
	Cents	Cents
Basic earnings per share	39.75	7.62
Diluted earnings per share	39.75	7.62

#### *Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Willaura/Lake Bolac Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

### Note 29. Commitments

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

### Note 30. Contingencies

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

### Note 31. Events after the reporting period

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

# Directors' declaration

**30 June 2023**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

On behalf of the directors



---

Rowland Woolcock Paterson  
Chair

24 August 2023

# Independent audit report



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

## Independent auditor's report to the Directors of Willaura/Lake Bolac Financial Services Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Willaura/Lake Bolac Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Willaura/Lake Bolac Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

#### Basis for Opinion

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

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

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



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Liability limited by a scheme approved under Professional Standards Legislation.



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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: 24 August 2023

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

**Joshua Griffin**  
Lead Auditor

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