Annual Report 2023

Woombye & Districts Community Enterprises Limited
ABN: 44 133 561 289

Community Bank Woombye & Districts

Woombye & Districts Community Enterprises Limited

ABN 44 133 561 289

Financial Report - 30 June 2023

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Chairman's report for 2023

Financials

Woombye & Districts Community Enterprises Limited profit before tax (PBT) for the 2023 financial year was $412,361 and $309,258 profit after tax (PAT). This compares with $81,488 PBT and $61,067 PAT for the 2022 financial year.

This result is a record for the Company. By multiples. It has all to do with a huge improvement in bank margins after many years of 'ground zero' levels following the impact of the Global Financial Crisis (GFC). These margin increases have plateaued and are trending back to more normal margins. As long-term shareholders will know we traded at a loss from our first year, YE June 2009, until YE June 2016 and this significant result has clawed back almost all our accumulated loss, putting us in a healthier position. We are not expecting a similar profit for the coming year, but we do expect to trade profitably and clear further accumulated losses. Your directors are recommending a Capital Return of 12 cents. A Capital Return is not taxable income; it will lower the paid-up capital of each share from $1.00 to 88 cents. A Capital Return requires a motion for shareholder approval, and this will be put to members at the AGM. Please ensure you have your banking details up to date with our Registry.

The Company's dividend history: YE17 4-cents (maiden dividend); YE18 4-cents; YE19 2.25-cents; YE20 Nil (Covid year); YE21 4-cents, YE22 4-cents. All payments have been unfranked. There is approximately $1,000 sitting in our Unclaimed Dividend Account which in due course will have to be forfeited to the Queensland Government unless those entitled make their claim.

Staff

We have a great team on board, led by Hayley Saunders, our manager. Lisa and Deb are both experienced bank staff and Henriette, as our youngest employee, graduating from university in 2022 is enjoying learning the ropes. Our administration and book-keeping continue to be well looked after by Cameron Barrie.

Community

Woombye State School, Woombye Community Library, Woombye Bowls Club, Sunshine Valley Men's Shed, Woombye Day Care, Woombye Christmas on the Field, Nambour/Palmwoods Toads Rugby Union Club, Normanton House Playgroup, West Woombye and Kiel Mountain Rural Fire Brigades, Sunshine Linus and Woombye Community and Business Association have all been beneficiaries of our Community Bank model of encouragement to the community by way of Grants and Sponsorship. Our total contribution to the community since inception of the bank has been about $250,000.

Our location, our customers, and our shareholders

I say this each year because it is an important truth! Our location, our customers and our shareholders are key drivers for over 50% of new business network wide. We encourage you to be an active advocate for our personal style of banking service. Real people, no automated telephone answering service, Press 1 for … and 2 for …!

Directors

We welcomed Margaret Sweeney to the board at the AGM last year. Alison Krueger, Damien King, Leigh Watkins, and I make up the balance of your board. We are all volunteers to the role, meet diligently for monthly Committee meetings, board meetings, and strategic planning meetings. Once again, we have been grateful for the strong support of Rohan Quirey, regional manager for the Sunshine Coast and Wide Bay region.

It is important that we continue to focus on growing revenue, reviewing opportunities and costs, to maintain and growing our profitability in these fast-changing times.

Stephen Marshall, Chairman, Woombye and Districts Community Enterprises Ltd

Branch Managers Report year ending 30 June 2023

It is once again my absolute pleasure to reflect on the past year at the Community Bank Woombye.

We are still operating in an uncertain and changing environment. The unexpected and rapid rate of interest rates increases by the Reserve Bank has resulted in lower consumer confidence, with many people delaying their property purchasing plans, opting instead to sit back and see what happens to property prices and interest rates. The high housing values on the Sunshine Coast have also seen an increase in the number of borrowers selling their investment properties.

At Community Bank Woombye we were not as heavily impacted as many other branches, however despite bringing on several new home loan customers, our loan book saw a run-off of around $2M. On the flip side, as home loan interest rates rose, so did our investment rates, and over the past financial year, our deposits grew by a whopping $19M.

Our total footings at the end of the financial year were a touch over $92m.

Our transactions numbers are holding strong, and we continue to open more and more accounts, particularly because of many of the banks moving out of Nambour with their customers now having to drive to Maroochydore to obtain face to face service.

The Company's increased profit for the year means we are in an excellent financial position and the board are working hard on revamping our sponsorship strategy to ensure we can continue to effectively support local groups, clubs and organisations to help Woombye prosper.

Record low unemployment rates also have impacted the branch, and this year we said goodbye to Gavin and Amanda, and we were joined by Henriette, a long term local, and Deb, a career banker.

I would like to thank Lisa, our Customer Relationship Manager for a great year, and for supporting me during some challenging times. In fact, for 5 months, it was only the two of us in the branch.

I'd also like to thank our board members who all work tirelessly in a volunteer capacity to ensure our governance, policies, and relationships are robust and healthy. And our bookkeeper Cam who ensures the bills get paid on time.

I recently attended the Community Bank National Conference in Bendigo and was reminded of the significant impact of this banking model which has been experienced right across the country over the past 25 years.

One of our ongoing challenges is to ensure that we are telling our story in a way that will resonate with our potential customers.

We offer banking for good – our Community Bank feeds into the community prosperity, and our philosophy is clear - successful people create successful communities which creates a successful Community Bank.

Thank you all for being part of the change.

Hayley Saunders

Branch Manager

Community Bank Woombye

Woombye & Districts Community Enterprises Limited
Directors' report
30 June 2023

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

Directors

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

Name:	Stephen James Marshall
Title:	Non-executive director
Experience and expertise:	Fellow Certified Practicing Accountant (FCPA), Professional Diploma in Stockbroking, Associate Chartered Institute of Secretaries (ACIS) allowed to lapse. Retired from active corporate life in 2015 but is active in personal investment and not-for-profits in Community banking and Christian mission. Past experience in not-for-profit organisations. Stephen is married to Annette and they have three adult children.
Special responsibilities:	Chair, Finance Committee and Marketing Committee

Name:	Damien Charles King
Title:	Non-executive director
Experience and expertise:	Damien was born in Nambour and raised on the Sunshine Coast. He has been a pharmacist for over 20 years and in that time worked around Brisbane, in the UK and Ireland. He moved back to the Sunshine coast when he purchased a pharmacy in Woombye in 2004. Damien has been heavily involved in the Woombye community and was treasurer of the Woombye Community Business Association for many years. He holds a Bachelor of Pharmacy, a Masters of Business Administration from the University of Queensland and is a Graduate of the Australian Institute of Company Directors.
Special responsibilities:	Treasurer, Finance Committee and Marketing Committee

Name:	Alison Rosann Kruger
Title:	Non-executive director
Experience and expertise:	Alison is a local business owner and has been involved with the community bank from steering committee and has served as both Chair and Secretary since the opening in 2009. She continues to manage her interior design business which was established 22 years ago in Woombye. Previously Alison has held positions with the local community and Business associations.
Special responsibilities:	Secretary, Finance Committee, Marketing Committee and Asset Committee.

Name:	Leigh Gregory Watkins
Title:	Non-executive director
Experience and expertise:	Director of Blackall Range Care Ltd (May 2017 - Present), Director, Chairman of Bendigo Primary Care Centre Limited for almost 11 years. Community Enterprise Foundation Manager with responsibility for foundation activities in metro Melbourne and Queensland for Bendigo and Adelaide Bank form May 2012 to March 2016. Past Director and Chairman of the Central Victorian Solar Cities project for Sustainable Regional Australia from March 2005 to July 2014. Director, Chairman for Bendigo Community Health Services from October 2003 to November 2013. Manager Innovation and Implementation for Bendigo and Adelaide Bank from 2001 to April 2012 and Customer Consultative Committee member for Essential Services Commission from March 2002 to May 2009. Super speedway driving instructor, Nascar and Auscar race driver 1998/99 Australian Auscar champion winner - FastTrack Racing from March 1995 to March 2009. Principle Technical Officer for Telstra for 26 years responsible for training and development in regional Victoria, total quality management project, technical specialist electronic exchange installation and maintenance.
Special responsibilities:	Risk and Audit Committee, Marketing Committee

Name:	Margaret Sweeney
Title:	Non-executive director
Experience and expertise:	Margaret completed an Executive Master of Business Administration in 2018 and has undertaken the Australian Institute of Company Directors Course. She held the position of Business Manager at Nambour Christian College, a large co-ed school, from 1992 until 2022. Her role was diverse and included accounting, finances, HR, policies, board secretarial duties and managing a growing team of administrative staff. From 2007 Margaret was also assisted a small school in Normanton, far north Queensland and was a member of the board of management. Prior work experience was diverse across areas of marine science, community health and youth work. Other current directorships: Gulf Christian College Ltd (resigned March 2022 and reappointed July 2022)
Special responsibilities:	Governance & Policy

Company secretary
The company secretary is Alison Kruger. Alison was appointed to the position of secretary on 27 January 2016.

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 $309,258 (30 June 2022: $61,067).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividends
During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2023 $
Unfranked dividend of 3.5 cents per share (2022: 4 cents)	24,476

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

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

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

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

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

	Board Eligible	Board Attended
Stephen James Marshall	12	12
Damien Charles King	12	8
Alison Rosann Kruger*	6	4
Leigh Gregory Watkins	12	12
Margaret Sweeney	12	11

* Leave of absence from January 2023

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

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Stephen James Marshall	2,000	-	2,000
Damien Charles King	12,500	-	12,500
Alison Rosann Kruger	5,001	-	5,001
Leigh Gregory Watkins	-	-	-
Margaret Sweeney	-	-	-

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

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

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

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

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

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

Woombye & Districts Community Enterprises Limited
Directors' report
30 June 2023

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

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

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

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

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

On behalf of the directors

____
Stephen James Marshall
Chair

31 August 2023

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 31 August 2023

Joshua Griffin
Lead Auditor

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

	Note	2023 $	2022 $
Revenue from contracts with customers	6	857,484	509,768
Other revenue	7	30,917	30,757
Finance revenue		2,758	-
Total revenue		891,159	540,525
Employee benefits expense	8	(269,150)	(262,604)
Advertising and marketing costs		(9,861)	(7,350)
Occupancy and associated costs		(8,028)	(8,368)
System costs		(17,598)	(17,936)
Depreciation and amortisation expense	8	(68,939)	(67,833)
Finance costs	8	(10,582)	(11,639)
General administration expenses		(72,538)	(70,936)
Total expenses before community contributions and income tax		(456,696)	(446,666)
Profit before community contributions and income tax expense		434,463	93,859
Charitable donations and sponsorships expense		(22,102)	(12,370)
Profit before income tax expense		412,361	81,489
Income tax expense	9	(103,103)	(20,422)
Profit after income tax expense for the year	19	309,258	61,067
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		309,258	61,067
		Cents	**Cents**
Basic earnings per share	27	44.22	8.73
Diluted earnings per share	27	44.22	8.73

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

Woombye & Districts Community Enterprises Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	442,627	21,842
Trade and other receivables	11	67,373	45,668
Total current assets		510,000	67,510
Non-current assets			
Property, plant and equipment	12	50,726	58,868
Right-of-use assets	13	322,644	355,600
Intangible assets	14	8,072	21,815
Deferred tax assets	9	10,421	113,524
Total non-current assets		391,863	549,807
Total assets		901,863	617,317
Liabilities			
Current liabilities			
Trade and other payables	15	56,799	28,604
Lease liabilities	16	45,391	42,832
Total current liabilities		102,190	71,436
Non-current liabilities			
Lease liabilities	16	283,118	318,940
Provisions	17	28,949	24,117
Total non-current liabilities		312,067	343,057
Total liabilities		414,257	414,493
Net assets		487,606	202,824
Equity			
Issued capital	18	666,842	666,842
Accumulated losses	19	(179,236)	(464,018)
Total equity		487,606	202,824

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

Woombye & Districts Community Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2021		666,842	(497,113)	169,729
Profit after income tax expense		-	61,067	61,067
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	61,067	61,067
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(27,972)	(27,972)
Balance at 30 June 2022		666,842	(464,018)	202,824

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		666,842	(464,018)	202,824
Profit after income tax expense		-	309,258	309,258
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	309,258	309,258
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(24,476)	(24,476)
Balance at 30 June 2023		666,842	(179,236)	487,606

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

Woombye & Districts Community Enterprises Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		953,292	578,145
Payments to suppliers and employees (inclusive of GST)		(442,950)	(435,487)
Interest received		1,379	-
Interest and other finance costs paid		-	(223)
Net cash provided by operating activities	26	511,721	142,435
Cash flows from investing activities			
Payments for property, plant and equipment		-	(4,638)
Payments for intangible assets		(13,349)	(13,349)
Net cash used in investing activities		(13,349)	(17,987)
Cash flows from financing activities			
Dividends paid	21	(24,476)	(27,972)
Repayment of lease liabilities	16	(53,111)	(51,564)
Net cash used in financing activities		(77,587)	(79,536)
Net increase in cash and cash equivalents		420,785	44,912
Cash and cash equivalents at the beginning of the financial year		21,842	(23,070)
Cash and cash equivalents at the end of the financial year	10	442,627	21,842

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

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 1A-33 Blackall Street, Woombye QLD 4559.

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 31 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.

Note 3. Significant accounting policies (continued)

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

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

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

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

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

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 April 2024.

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

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

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

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

Note 5. Economic dependency (continued)

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

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	722,203	364,570
Fee income	39,267	35,398
Commission income	49,856	64,612
ATM income	46,158	45,188
	857,484	509,768

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

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

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

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

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

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

Note 6. Revenue from contracts with customers (continued)

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

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

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

Commission income
Commission 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 and ATM 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	17,500	30,000
Rental income	106	757
Other income	13,311	-
	30,917	30,757

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.

Note 7. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Rental income	Rental income is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

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

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

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

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	227,362	228,515
Superannuation contributions	22,583	20,721
Expenses related to long service leave	605	(5,812)
Other expenses	18,600	19,180
	269,150	262,604

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

Short-term employee benefits are expensed as the related service is provided.

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	4,547	5,659

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

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	6,223	6,223
Plant and equipment	1,919	2,397
	8,142	8,620
Depreciation of right-of-use assets		
Leased land and buildings	47,054	45,471
Amortisation of intangible assets		
Franchise fee	2,291	2,290
Franchise renewal fee	11,452	11,452
	13,743	13,742
	68,939	67,833

Finance costs

	2023 $	2022 $
Bank overdraft interest paid or accrued	-	223
Lease interest expense	9,847	10,739
Unwinding of make-good provision	735	677
	10,582	11,639

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

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Movement in deferred tax	(2,646)	(1,947)
Recoupment of prior year tax losses	105,749	22,369
Aggregate income tax expense	103,103	20,422
Prima facie income tax reconciliation		
Profit before income tax expense	412,361	81,489
Tax at the statutory tax rate of 25%	103,090	20,372
Tax effect of:		
Non-deductible expenses	13	50
Income tax expense	103,103	20,422

Note 9. Income tax (continued)

	2023 $	2022 $
Deferred tax assets/(liabilities)		
Tax losses	6,188	111,936
Property, plant and equipment	(4,958)	(6,693)
Provision for lease make good	7,237	6,029
Accrued expenses	834	709
Income accruals	(346)	-
Lease liabilities	82,127	90,443
Right-of-use assets	(80,661)	(88,900)
Deferred tax asset	10,421	113,524

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

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

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

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

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

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

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

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	191,332	21,842
Term deposits	251,295	-
	442,627	21,842

Accounting policy for cash and cash equivalents
Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	62,480	38,772
Other receivables and accruals	1,379	-
Prepayments	3,514	6,896
	4,893	6,896
	67,373	45,668

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

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

Note 12. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	159,260	159,260
Less: Accumulated depreciation	(120,165)	(113,942)
	39,095	45,318
Plant and equipment - at cost	70,755	70,755
Less: Accumulated depreciation	(59,124)	(57,205)
	11,631	13,550
	50,726	58,868

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	51,541	11,309	62,850
Additions	-	4,638	4,638
Depreciation	(6,223)	(2,397)	(8,620)
Balance at 30 June 2022	45,318	13,550	58,868
Depreciation	(6,223)	(1,919)	(8,142)
Balance at 30 June 2023	39,095	11,631	50,726

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.

Note 12. Property, plant and equipment (continued)

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

Leasehold improvements	4 to 20 years
Plant and equipment	1 to 40 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.

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	516,416	502,318
Less: Accumulated depreciation	(193,772)	(146,718)
	322,644	355,600

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	390,127
Remeasurement adjustments	10,944
Depreciation expense	(45,471)
Balance at 30 June 2022	355,600
Remeasurement adjustments	14,098
Depreciation expense	(47,054)
Balance at 30 June 2023	322,644

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	32,440	32,440
Less: Accumulated amortisation	(31,095)	(28,804)
	1,345	3,636
Franchise renewal fee	112,192	112,192
Less: Accumulated amortisation	(105,465)	(94,013)
	6,727	18,179
	8,072	21,815

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	5,926	29,631	35,557
Amortisation expense	(2,290)	(11,452)	(13,742)
Balance at 30 June 2022	3,636	18,179	21,815
Amortisation expense	(2,291)	(11,452)	(13,743)
Balance at 30 June 2023	1,345	6,727	8,072

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 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 $
Current liabilities		
Trade payables	5,504	4,820
Other payables and accruals	51,295	23,784
	56,799	28,604

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

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

Note 16. Lease liabilities

	2023 $	2022 $
Current liabilities		
Land and buildings lease liabilities	54,164	52,586
Unexpired interest	(8,773)	(9,754)
	45,391	42,832
Non-current liabilities		
Land and buildings lease liabilities	306,929	350,575
Unexpired interest	(23,811)	(31,635)
	283,118	318,940

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	361,772	391,653
Remeasurement adjustments	10,001	10,944
Lease interest expense	9,847	10,739
Lease payments - total cash outflow	(53,111)	(51,564)
	328,509	361,772

Maturity analysis

	2023 $	2022 $
Not later than 12 months	54,164	52,586
Between 12 months and 5 years	216,656	210,345
Greater than 5 years	90,273	140,230
	361,093	403,161

Note 16. Lease liabilities (continued)

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

Lease payments included in the measurement of the lease liability comprise variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

The company has applied judgement in estimating the remaining lease term including the effects of any extension options reasonably expected to be exercised, applying hindsight where appropriate.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the company changes its assessment of whether it will exercise an extension option, or if there is a revised in-substance fixed lease payment.

The company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

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

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

The company's lease portfolio includes:

Lease	**Discount rate**	**Non-cancellable term**	**Renewal options available**	**Reasonably certain to exercise options**	**Lease term end date used in calculations**
Woombye Branch	2.85%	3 years	2 x 3 years	Yes	February 2030

Note 17. Provisions

	2023 **$**	**2022** **$**
Lease make good provision	28,949	24,117

Lease make good provision
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 to be $35,000 for the Woombye Branch lease, 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 28 February 2030 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 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	699,310	699,310	699,310	699,310
Less: Equity raising costs	-	-	(32,468)	(32,468)
	699,310	699,310	666,842	666,842

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 178. As at the date of this report, the company had 199 shareholders (2022: 196 shareholders).

Note 18. Issued capital (continued)

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

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

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

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

Note 19. Accumulated losses

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(464,018)	(497,113)
Profit after income tax expense for the year	309,258	61,067
Dividends paid (note 21)	(24,476)	(27,972)
Accumulated losses at the end of the financial year	(179,236)	(464,018)

Note 20. 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 21. Dividends

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

	2023 $	2022 $
Unfranked dividend of 3.5 cents per share (2022: 4 cents)	24,476	27,972

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

Note 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	63,859	38,772
Cash and cash equivalents	442,627	21,842
	506,486	60,614
Financial liabilities		
Trade and other payables	56,799	28,604
Lease liabilities	328,509	361,772
	385,308	390,376

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

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.

Note 22. Financial instruments (continued)

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of $442,627 at 30 June 2023 (2022: $21,842).

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

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

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

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

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

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	56,799	-	-	56,799
Lease liabilities	54,164	216,656	90,273	361,093
Total non-derivatives	110,963	216,656	90,273	417,892

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	28,604	-	-	28,604
Lease liabilities	52,586	210,345	140,230	403,161
Total non-derivatives	81,190	210,345	140,230	431,765

Note 23. Key management personnel disclosures

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

Stephen James Marshall
Damien Charles King
Alison Rosann Kruger
Leigh Gregory Watkins
Margaret Sweeney

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

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

Note 24. Related party transactions

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

Note 25. Remuneration of auditors

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

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	1,750	1,600
General advisory services	2,550	1,985
Share registry services	3,316	3,093
	7,616	6,678
	13,016	11,878

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

	2023 $	2022 $
Profit after income tax expense for the year	309,258	61,067
Adjustments for:		
Depreciation and amortisation	68,939	67,833
Lease liabilities interest	9,847	10,739
Change in operating assets and liabilities:		
Increase in trade and other receivables	(21,705)	(16,543)
Decrease in deferred tax assets	103,103	20,421
Increase/(decrease) in trade and other payables	41,544	(1,759)
Increase in other provisions	735	677
Net cash provided by operating activities	511,721	142,435

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	309,258	61,067
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	699,310	699,310
Weighted average number of ordinary shares used in calculating diluted earnings per share	699,310	699,310

Note 27. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	44.22	8.73
Diluted earnings per share	44.22	8.73

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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.

Woombye & Districts Community Enterprises Limited
Directors' declaration
30 June 2023

In the directors' opinion:

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

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

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

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

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

On behalf of the directors

____

Stephen James Marshall
Chair

31 August 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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afs@afsbendigo.com.au
(03) 5443 0344

Independent auditor’s report to the Directors of Woombye & Districts Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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Other Information

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 31 August 2023

Joshua Griffin
Lead Auditor

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