

# York & Districts Community Financial Services Limited

ABN 85 099 104 079

Financial Report - 30 June 2023

# York & Districts Community Financial Services 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:	Claire Belinda Springbett
Title:	Non-executive director
Experience and expertise:	Bachelor of Science (Physiotherapy) obtained in 2004, worked as a Physiotherapist for WA Country Health Service until 2010. Graduate Certificate in Clinical Epidemiology 2006. Partner in 3rd generation farm in York, and working part time in Transport and Logistics.
Special responsibilities:	Chair
Name:	Kenneth Charles Severson
Title:	Non-executive director
Experience and expertise:	Kenneth is an Agricultural Consultant and Farm Manager. Qualifications include Diploma of Agricultural Science (Dip.AG.Sci), Executive Certificate in Agribusiness (Cont.AG.Bus). Honours in Fellow of the Australian Association of Agricultural Consultants (WA) (FAAAC) and Fellow of the Australian Institute of Company Directors (FAICD). Experience includes Director of Severson Agriculture Pty Ltd from 2012 to present, Founding Partner of Farmanco Management Consultant 1978 to 2010. Community roles include Director and Chairman of York and District Co-op 1995 - 2010, Fellow and Chairman of Council Guildford Grammar School 2001 - 2009, Chairman of the Board of Management at Muresk Institute Curtin University 1997 - 2005. Director and Chairman of Kondinin Group 2000 - 2010.
Special responsibilities:	Nil
Name:	Lindsay Milton McNeill
Title:	Non-executive director
Experience and expertise:	Agricultural technical officer, bank officer, agriculture teacher, journalist and small business operator. Holds bachelor of arts degree and diplomas in agriculture and education. Member and office bearer of a number of professional and not for profit groups. Currently committee member of York Health Advisory Group.
Special responsibilities:	Finance and Audit Committee, Marketing and Sponsorship Committee
Name:	James Stewart Austen Fisher
Title:	Non-executive director
Experience and expertise:	Agricultural Scientist. Previous board member of YDCFS 2009-2013. Ambulance volunteer officer 2012-2015. BSc (Agri) Hons. PhD. Principal, Desiree Futures.
Special responsibilities:	Nil
Name:	Ian Douglas Hamilton
Title:	Non-executive director
Experience and expertise:	Worked in Westpac Bank for 19 years until 1987. Then worked in various Liquor related businesses in operational and managerial positions until 2004 when purchased Cellarbrations York.
Special responsibilities:	Nil
Name:	Roger Tonkin
Title:	Non-executive director
Experience and expertise:	Roger has previous experience in Farming and Agriculture Research and Development. Roger has a Bachelor of Agribusiness and a Diploma of Financial Counselling. Roger has experience as Beverley Junior Sport Treasurer and as a Bushfire Brigade Volunteer.
Special responsibilities:	Nil.

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Name: Chantelle Davis  
Title: Non-executive director (*appointed 1 June 2023*)  
Experience and expertise: Chantelle holds a Bachelor of Agribusiness Marketing. Experience in agribusiness banking, foreign currency operations investment banks, accounting, transport and logistics administration. Currently working in community services not for profit administering emergency relief accommodation.  
Special responsibilities: Treasurer

### Company secretary

The company secretary is Karen Maree Beale. Karen was appointed to the position of company secretary on 9 February 2021.

Experience and expertise: Karen has provided business services for several Community Banks in Western Australia for over 10 years and holds a Commerce degree with a major in Accounting as well as being a registered BAS agent.

### 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 \$385,352 (30 June 2022: \$2,712).

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

### Dividends

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

	2023 \$
Fully franked dividend of 5 cents per share (2022: Nil cents)	<u>22,645</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.

### 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:

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**Directors' report**  
**30 June 2023**

	Board Eligible	Attended
Claire Belinda Springbett	11	11
Lindsay Milton McNeill	11	11
Ian Douglas Hamilton	11	9
Kenneth Charles Severson	11	8
James Stewart Austen Fisher	11	5
Roger Tonkin	11	8
Chantelle Davis	1	1

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

**Directors' benefits**

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 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
Kenneth Charles Severson	-	-	-
Claire Belinda Springbett	-	-	-
Lindsay Milton McNeill	3,501	-	3,501
James Stewart Austen Fisher	300	-	300
Ian Douglas Hamilton	-	-	-
Roger Tonkin	-	-	-
Chantelle Davis	-	-	-

**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.

# York & Districts Community Financial Services Limited

## Directors' report

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### 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 23 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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Claire Belinda Springbett  
Chair

15 September 2023



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

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of York & Districts Community Financial Services Limited

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

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

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 15 September 2023

**Joshua Griffin**  
**Lead Auditor**

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

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
Revenue from contracts with customers	6	1,132,287	515,175
Other revenue		10,000	15,000
Finance revenue		7,922	752
<b>Total revenue</b>		<b>1,150,209</b>	<b>530,927</b>
Employee benefits expense	7	(341,815)	(341,584)
Advertising and marketing costs		(12,053)	(7,520)
Occupancy and associated costs		(21,266)	(25,243)
System costs		(15,627)	(17,431)
Depreciation and amortisation expense	7	(16,267)	(21,165)
Finance costs		(44)	(3,308)
General administration expenses		(109,685)	(102,588)
<b>Total expenses before community contributions and income tax expense</b>		<b>(516,757)</b>	<b>(518,839)</b>
<b>Profit before community contributions and income tax</b>		<b>633,452</b>	<b>12,088</b>
Charitable donations, sponsorships and grants expense	7	(119,148)	(8,179)
<b>Profit before income tax expense</b>		<b>514,304</b>	<b>3,909</b>
Income tax expense	8	(128,952)	(1,197)
<b>Profit after income tax expense for the year</b>	17	<b>385,352</b>	<b>2,712</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>385,352</b>	<b>2,712</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	25	85.08	0.60
Diluted earnings per share	25	85.08	0.60

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

**York & Districts Community 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	9	683,752	302,337
Trade and other receivables	10	108,295	60,273
Current tax assets	8	-	9,112
Total current assets		<u>792,047</u>	<u>371,722</u>
<b>Non-current assets</b>			
Property, plant and equipment	11	488,528	457,660
Intangible assets	12	60,292	66,867
Deferred tax assets	8	-	10,541
Total non-current assets		<u>548,820</u>	<u>535,068</u>
<b>Total assets</b>		<u>1,340,867</u>	<u>906,790</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	49,725	32,699
Borrowings	14	-	35,896
Current tax liabilities	8	117,536	-
Employee benefits	15	35,589	49,621
Total current liabilities		<u>202,850</u>	<u>118,216</u>
<b>Non-current liabilities</b>			
Trade and other payables	13	43,392	57,856
Deferred tax liabilities	8	875	-
Employee benefits	15	348	23
Total non-current liabilities		<u>44,615</u>	<u>57,879</u>
<b>Total liabilities</b>		<u>247,465</u>	<u>176,095</u>
<b>Net assets</b>		<u>1,093,402</u>	<u>730,695</u>
<b>Equity</b>			
Issued capital	16	360,527	360,527
Retained earnings	17	732,875	370,168
<b>Total equity</b>		<u>1,093,402</u>	<u>730,695</u>

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



**York & Districts Community 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>		360,527	367,456	727,983
Profit after income tax expense		-	2,712	2,712
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	2,712	2,712
<b>Balance at 30 June 2022</b>		<u>360,527</u>	<u>370,168</u>	<u>730,695</u>
 <b>Balance at 1 July 2022</b>		 360,527	 370,168	 730,695
Profit after income tax expense		-	385,352	385,352
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	385,352	385,352
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for	19	-	(22,645)	(22,645)
<b>Balance at 30 June 2023</b>		<u>360,527</u>	<u>732,875</u>	<u>1,093,402</u>

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

**York & Districts Community Financial Services Limited**  
**Statement of cash flows**  
**For the year ended 30 June 2023**

	<b>Note</b>	<b>2023</b> <b>\$</b>	<b>2022</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,197,149	564,804
Payments to suppliers and employees (inclusive of GST)		(720,474)	(564,311)
Interest received		7,922	752
Interest and other finance costs paid		(44)	(3,308)
Income taxes refunded		9,112	6,134
		<u>          </u>	<u>          </u>
Net cash provided by operating activities	24	493,665	4,071
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	11	(40,968)	(454)
Payments for intangible assets		(13,149)	(14,842)
Proceeds from disposal of property, plant and equipment		408	-
		<u>          </u>	<u>          </u>
Net cash used in investing activities		(53,709)	(15,296)
<b>Cash flows from financing activities</b>			
Dividends paid	19	(22,645)	-
Repayment of borrowings	14	(35,896)	(44,572)
		<u>          </u>	<u>          </u>
Net cash used in financing activities		(58,541)	(44,572)
		<u>          </u>	<u>          </u>
Net increase/(decrease) in cash and cash equivalents		381,415	(55,797)
Cash and cash equivalents at the beginning of the financial year		302,337	358,134
		<u>          </u>	<u>          </u>
Cash and cash equivalents at the end of the financial year	9	<u><u>683,752</u></u>	<u><u>302,337</u></u>

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

# **York & Districts Community Financial Services Limited**

## **Notes to the financial statements**

### **30 June 2023**

#### **Note 1. Reporting entity**

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 114 Avon Terrace, York WA 6302.

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

#### **Note 3. Significant accounting policies**

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

##### **Changes in accounting policies, standards and interpretations**

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

##### **Current and non-current classification**

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

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

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

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

##### **Impairment**

###### ***Non-derivative financial assets***

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

# **York & Districts Community Financial Services Limited**

## **Notes to the financial statements**

### **30 June 2023**

#### **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.

**York & Districts Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 4. Critical accounting judgements, estimates and assumptions (continued)**

*Employee benefits provision*

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

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

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

**Note 5. Economic dependency**

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

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

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

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

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

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

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

**York & Districts Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 6. Revenue from contracts with customers**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Margin income	1,037,429	415,393
Fee income	42,874	42,077
Commission income	51,984	57,705
	<u>1,132,287</u>	<u>515,175</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.

**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
<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 income**

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

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

**York & Districts Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

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

*Fee income*

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

*Core banking products*

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

*Ability to change financial return*

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

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

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

**Note 7. Expenses**

**Employee benefits expense**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	296,250	298,670
Superannuation contributions	32,956	29,488
Expenses related to long service leave	(2,470)	(827)
Other expenses	15,079	14,253
	<u>341,815</u>	<u>341,584</u>

**Depreciation and amortisation expense**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets</i>		
Buildings	6,525	6,525
Furniture and fittings	3,167	1,210
	<u>9,692</u>	<u>7,735</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	1,096	2,238
Franchise renewal fee	5,479	11,192
	<u>6,575</u>	<u>13,430</u>
	<u>16,267</u>	<u>21,165</u>

**Leases recognition exemption**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Expenses relating to low-value leases	<u>5,356</u>	<u>6,793</u>

**York & Districts Community Financial Services Limited**  
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**Note 7. Expenses (continued)**

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

**Charitable donations, sponsorships and grants expense**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Direct donation, sponsorship and grant payments	19,148	8,179
Contribution to the Community Enterprise Foundation™	100,000	-
	<u>119,148</u>	<u>8,179</u>

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

**Note 8. Income tax**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	117,536	-
Movement in deferred tax	11,416	3,189
Future income tax benefit attributable to losses	-	(1,992)
	<u>128,952</u>	<u>1,197</u>
Aggregate income tax expense		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	514,304	3,909
Tax at the statutory tax rate of 25%	128,576	977
Tax effect of:		
Non-deductible expenses	376	220
	<u>128,952</u>	<u>1,197</u>
Income tax expense		
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax attributable to:</i>		
Employee benefits	8,984	12,411
Accrued expenses	550	800
Property, plant and equipment	(10,326)	(1,031)
Prepayments	(83)	(1,639)
	<u>(875)</u>	<u>10,541</u>
Deferred tax asset/(liability)		



**York & Districts Community Financial Services Limited**  
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**Note 8. Income tax (continued)**

	<b>2023</b> \$	<b>2022</b> \$
Income tax refund due	-	9,112
	<b>2023</b> \$	<b>2022</b> \$
Provision for income tax	117,536	-

*Accounting policy for income tax*

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

*Accounting policy for current tax*

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

*Accounting policy for deferred tax*

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

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

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

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

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

**Note 9. Cash and cash equivalents**

	<b>2023</b> \$	<b>2022</b> \$
Cash at bank and on hand	23,457	33,663
Term deposits	660,295	268,674
	<b>683,752</b>	<b>302,337</b>

*Accounting policy for cash and cash equivalents*

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

**York & Districts Community Financial Services Limited**  
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**Note 10. Trade and other receivables**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	107,963	53,716
Prepayments	332	6,557
	<u>108,295</u>	<u>60,273</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.

**Note 11. Property, plant and equipment**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Land - at cost	219,352	219,352
Buildings - at cost	381,290	381,290
Less: Accumulated depreciation	(153,407)	(146,882)
	<u>227,883</u>	<u>234,408</u>
Furniture and fittings - at cost	182,789	142,228
Less: Accumulated depreciation	(141,496)	(138,328)
	<u>41,293</u>	<u>3,900</u>
	<u>488,528</u>	<u>457,660</u>

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

	Land	Buildings	Furniture and fittings	Total
	\$	\$	\$	\$
Balance at 1 July 2021	219,352	240,933	4,657	464,942
Additions	-	-	453	453
Depreciation	-	(6,525)	(1,210)	(7,735)
Balance at 30 June 2022	219,352	234,408	3,900	457,660
Additions	-	-	40,968	40,968
Disposals	-	-	(408)	(408)
Depreciation	-	(6,525)	(3,167)	(9,692)
Balance at 30 June 2023	<u>219,352</u>	<u>227,883</u>	<u>41,293</u>	<u>488,528</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.

**York & Districts Community Financial Services Limited**  
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**Note 11. 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:

Building	5 - 50 years
Furniture and fittings	5 years

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

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

*Changes in estimates*

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

**Note 12. Intangible assets**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Franchise fee	72,150	72,150
Less: Accumulated amortisation	<u>(61,267)</u>	<u>(60,171)</u>
	<u>10,883</u>	<u>11,979</u>
Franchise renewal fee	110,749	110,749
Less: Accumulated amortisation	<u>(61,340)</u>	<u>(55,861)</u>
	<u>49,409</u>	<u>54,888</u>
	<u><u>60,292</u></u>	<u><u>66,867</u></u>

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	3,259	11,292	14,551
Additions	10,958	54,788	65,746
Amortisation expense	<u>(2,238)</u>	<u>(11,192)</u>	<u>(13,430)</u>
Balance at 30 June 2022	11,979	54,888	66,867
Amortisation expense	<u>(1,096)</u>	<u>(5,479)</u>	<u>(6,575)</u>
Balance at 30 June 2023	<u><u>10,883</u></u>	<u><u>49,409</u></u>	<u><u>60,292</u></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.

**York & Districts Community Financial Services Limited**  
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**Note 12. Intangible assets (continued)**

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)	July 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2027

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 13. Trade and other payables**

	<b>2023</b> \$	<b>2022</b> \$
<i>Current liabilities</i>		
Trade payables	1,389	1,081
Other payables and accruals	48,336	31,618
	<u>49,725</u>	<u>32,699</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>43,392</u>	<u>57,856</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.

**Note 14. Borrowings**

	<b>2023</b> \$	<b>2022</b> \$
<i>Current liabilities</i>		
Bank loans	-	35,896

*Accounting policy for borrowings*

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**York & Districts Community Financial Services Limited**  
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**Note 15. Employee benefits**

	2023 \$	2022 \$
<i>Current liabilities</i>		
Annual leave	13,388	22,534
Long service leave	22,201	27,087
	<u>35,589</u>	<u>49,621</u>
<i>Non-current liabilities</i>		
Long service leave	<u>348</u>	<u>23</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.

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 16. Issued capital**

	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	452,909	452,909	452,909	452,909
Less: Equity raising costs	-	-	(1,800)	(1,800)
Less: Return of capital	-	-	(90,582)	(90,582)
	<u>452,909</u>	<u>452,909</u>	<u>360,527</u>	<u>360,527</u>

# York & Districts Community Financial Services Limited

## Notes to the financial statements

### 30 June 2023

#### **Note 16. Issued capital (continued)**

##### *Accounting policy for issued capital*

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

##### ***Rights attached to issued capital***

###### *Ordinary shares*

###### Voting rights

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

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

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

###### Dividends

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

###### Transfer

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

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

##### ***Prohibited shareholding interest***

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

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

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

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

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

**York & Districts Community Financial Services Limited**  
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**Note 16. Issued capital (continued)**

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

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

**Note 17. Retained earnings**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Retained earnings at the beginning of the financial year	370,168	367,456
Profit after income tax expense for the year	385,352	2,712
Dividends paid (note 19)	(22,645)	-
	<u>732,875</u>	<u>370,168</u>
Retained earnings at the end of the financial year		

**Note 18. 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 19. Dividends**

*Dividends provided for and paid during the period*

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

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Fully franked dividend of 5 cents per share (2022: Nil cents)	<u>22,645</u>	<u>-</u>

**York & Districts Community Financial Services Limited**  
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**Note 19. Dividends (continued)**

**Franking credits**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Franking account balance at the beginning of the financial year	203,327	209,461
Franking credits (debits) arising from income taxes paid (refunded)	(9,112)	7,121
Franking debits from the payment of franked distributions	(7,548)	(13,255)
	<u>186,667</u>	<u>203,327</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	186,667	203,327
Franking credits (debits) that will arise from payment (refund) of income tax	117,536	(9,112)
Franking credits available for future reporting periods	<u>304,203</u>	<u>194,215</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

*Accounting policy for dividends*

Dividends are recognised in the financial year they are declared.

**Note 20. Financial instruments**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Financial assets</b>		
Trade and other receivables	107,963	53,716
Cash and cash equivalents	683,752	302,337
	<u>791,715</u>	<u>356,053</u>
<b>Financial liabilities</b>		
Trade and other payables	93,117	90,555
Bank loans	-	35,896
	<u>93,117</u>	<u>126,451</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 borrowings.

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.



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**Note 20. Financial instruments (continued)**

**Financial risk management**

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

**Market risk**

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rate. The company held cash and cash equivalents of \$683,752 at 30 June 2023 (2022: \$302,337).

**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.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2023</b>				
Trade and other payables	49,725	43,392	-	93,117
Total non-derivatives	49,725	43,392	-	93,117
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2022</b>				
Bank loans	35,896	-	-	35,896
Trade and other payables	32,699	57,856	-	90,555
Total non-derivatives	68,595	57,856	-	126,451

**York & Districts Community Financial Services Limited**  
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**Note 21. Key management personnel disclosures**

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

Claire Belinda Springbett  
Lindsay Milton McNeill  
Ian Douglas Hamilton  
Chantelle Davis

Kenneth Charles Severson  
James Stewart Austen Fisher  
Roger Tonkin

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

**Note 22. Related party transactions**

The following transactions occurred with related parties:

	2023 \$	2022 \$
The company used the administration services of one of its directors. The total benefit received was:	1,650	-

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

**Note 23. 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	600	-
General advisory services	3,170	2,310
Share registry services	6,647	4,048
	10,417	6,358
	15,817	11,558

**York & Districts Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2023**

**Note 24. Reconciliation of profit after income tax to net cash provided by operating activities**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	385,352	2,712
Adjustments for:		
Depreciation and amortisation	16,268	21,164
Change in operating assets and liabilities:		
Increase in trade and other receivables	(48,022)	(19,305)
Decrease in income tax refund due	9,112	4,143
Decrease in deferred tax assets	10,541	3,188
Increase/(decrease) in trade and other payables	15,710	(188)
Increase in provision for income tax	117,536	-
Increase in deferred tax liabilities	875	-
Decrease in employee benefits	(13,707)	(7,643)
Net cash provided by operating activities	<u>493,665</u>	<u>4,071</u>

**Note 25. Earnings per share**

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	<u>385,352</u>	<u>2,712</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>452,909</u>	<u>452,909</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>452,909</u>	<u>452,909</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	85.08	0.60
Diluted earnings per share	85.08	0.60

*Accounting policy for earnings per share*

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

**Note 26. Commitments**

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

**Note 27. Contingencies**

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

**Note 28. 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.

**York & Districts Community Financial Services 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



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Claire Belinda Springbett  
Chair

15 September 2023

# Independent auditor's report to the Directors of York & Districts Community Financial Services Limited

## Report on the Audit of the Financial Report

### Opinion

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

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

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

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

### Basis for Opinion

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

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

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



Andrew Frewin Stewart  
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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: 15 September 2023

**Joshua Griffin**  
Lead Auditor