Ettalong Beach Financial Services Limited

Annual Report

For Year Ended 30 June 2023

ABN 37 110 069 120

Ettalong Beach Financial Services Limited
Annual Report for Year Ended
30 June 2023

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Chairman's Report –
For year ending 30 June 2023

Introduction

Dear Shareholder,

On behalf of the Board of Directors and the staff of the Community Bank Ettalong Beach, I am proud to present the 19th Annual Report of Ettalong Beach Financial Services Limited.
We continue to deliver service at the highest levels and achieve profitability for our shareholders. It is therefore pleasing to report our 13th consecutive profit before tax of $521,255 an increase of $218,097 on the previous year. This mainly arose from increased Revenue + $640k. We were able to assist the Community with $409,191 via funds held in the Community Enterprise Foundation of Bendigo and Adelaide Bank $300k + $109,191 from General funds.
The company was also able to deliver its eleventh consecutive dividend, fully franked to shareholders. For the first time we were also able to deliver of a top up Dividend of 10 cents per share fully franked.

25 years since the first Community Bank branch opened its doors.

Partnering with Bendigo and Adelaide Bank, we're proud of the contribution we make to what is one of Australia's most trusted brands. Our model has been held up as an example of a great way of doing business.
We continue to work closely with our partner, Bendigo and Adelaide Bank, on ways to improve the customer experience. The growth of our existing customer base will mean a growth in your investment and our community's investment in our Community Bank branch.
Our Community Bank branch has played a key role in these milestones over the past 18 years, returning more than $1,769,000 to the local community plus a further $532,000 in dividends returned to local shareholders.
These community contributions, grants and sponsorships have made significant differences to over 50 local organisations/groups. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

Year under Review and Future Growth

Once again I am extremely thrilled that we have been able to generate monthly profits on a regular basis to achieve our thirteenth consecutive annual profit and this is fully detailed in the financial statement.
Briefly we achieved an operating profit of $390,393 after Income tax expense of $130,862 and after Charitable Donations, sponsorships and grants expense of $409,191.
Our "Bank Book" – "Deposits/Loans" decreased by approximately $8M to $162M as at 30 June 2023. This has been a very difficult economic year globally and in Australia and is fully explained in the Manager's Report.
Our projected forecast in the current year ending 30 June 2024 is a modest growth of $11M to $173M.
Customers increased by 48 to 3349 with an increase in number of accounts from 221 to 5085.

As our business has matured we have established a more reliable cash flow which now allows us to meet greater Community needs. Shareholders will recall that our constitution allows us to pay a maximum of 20% of Annual profits as dividends. Other than maintaining a prudent level of cash reserves we use the remainder of profits for the betterment of our community.

Since 2018 we have directed a portion of expected profits to the Community Enterprise Foundation of Bendigo and Adelaide Bank which carries “not for profit” status and is a tax effective method of distributing our profits to our community. As our business has matured we have been able to expand the recipients of our grants.
As at 30th June 2023 we have contributed a total of $685,000 with the Community Enterprise Foundation, which has enabled us to assist various groups/organisations that are making a difference to our community. The Foundation Account has a balance of $325,657 for future distribution.

We still maintain our “grass roots” support to local sporting clubs and organisations that are making a difference in our community.

As Shareholders, if you are aware of any needs in our community that you think your Community Bank may be able to assist with please let us know.

Staff

Of course, the successful and continued operation of the Bank is largely reliant on those who have the day- to- day responsibility of running it.
Mr. Pat Italiano our Branch Manager has settled in well over the past 18 months and continues to improve the Bank’s business. Pat’s efforts and those of the staff namely Supervisors, Maree Richardson and Kym Kelleher, and Customer Service Officers Jackie and Jay are to be congratulated on their sterling efforts. During the year we welcomed (May) Jay Vandenburg and bade farewell to Kathy Amos in June.

Board of Directors

The Board remains stable and volunteer their many hours of involvement unselfishly and as required.
We also undertook a full board review with the various sub-committees remaining in place to ensure the company is well equipped to meet the challenges ahead.

In Conclusion

Finally, I would like to thank those members of the local community and residents of the Ettalong Beach and surrounding areas who have supported the establishment of the Community Bank Ettalong Beach branch – Bendigo Bank, and continue to do their personal and business banking with their local Community Bank branch.

I also thank my fellow Directors and staff who put in many rewarding hours.
It has been a magnificent effort by all those involved and I look forward to a bright and prosperous future for our Community Bank branch.

Once again, thank you for making us your Bank of choice.

D.J.M. (Mick) Gage
Board Chairman

Branch Manager's Report

2022 / 2023

Community Banking is always interesting and at times provides us with some surprising results and this year is no exception. When it comes to interest rates, there are those who benefit and those that don't. In the last few years, low interest rates had a negative impact on revenue growth, even when our Banking Business has grown. This year, we experienced the opposite, with revenues surging off the back of higher interest rates. Rising rates have also given investors a greater return, however borrowers who have enjoyed record low rates for the past few years, will now be feeling the pinch of additional costs on their loans.

Business Performance

Our overall performance was as we had predicted last year: low growth but increased revenue. Overall our Banking business contracted this year as rising interest rates impacted our book, particularly lending. As interest rates increased, many of our loan clients, particularly those coming off historically low fixed rates sought to reduce debt from either savings or property sales to lessen the impact of rate rises . We also spent a considerable amount of time contacting our loan clients coming off low fixed rates to discuss their options and give us the best chance of not only retaining their business, but ensuring they were offered the best rates available. Pleasingly, our loan activity (number of loan applications) remained steady, but despite our efforts, our loan portfolio contracted by $2.9M to $54.9M.

Our deposit book also suffered as a result of increased competition from our competitors resulting in an overall contraction of $5.1M, down to $107.3M . Whilst the result is not ideal, we were not alone in this regard, particularly in lending. This year our Banking Book closed at just over $162M, down $8M year on year.

Although we were not able to achieve growth in our Banking Business overall, the impact of interest rate increases on our business was apparent. Our revenue this year was a record $1.531M, an increase of $626K or 69% on 2021-2022 financial year. We were also able to contain expenses, up a modest $25K or 4.2%.

The Year Ahead

It appears that in recent months, the interest rate rises are having the desired effect, with the cash rate remaining steady at 4.1%. The property market has been resilient throughout with low supply holding prices steady. If inflation continues it's downward trend and confidence begins to recover, we may see the cash remain steady throughout 2023/2024 or even perhaps a slight downward adjustment.

The upside to higher rates is that this will result in growth in our deposit portfolio as investors look to lock in returns they have not had access to in several years. In this regard, Bendigo is supporting the business with some attractive term and at call rates.

Lending will remain a challenge until consumers feel confident that rates are stable. Wages growth will assist in offsetting some of the pain felt by borrowers and hopefully, we will start to see some growth towards the end of the financial year. Government Schemes will also support growth over the next 12 months.

Community Engagement

This year our Community Engagement was back to its best as we invested in several local organisations with some major contributions made to Umina Men's Shed, Ocean Beach Surf Life Saving Club, Pacific Link Housing and Coast Shelter to name a few. Our board also set aside $300K in the Bendigo Community Enterprise Foundation which will provide much needed support to our Community over the coming year.

Staff

This year saw some changes to our team as we welcomed Jay, our new Customer Service Officer and said goodbye to Kathy after a number of years with the business. I would like to thank Kathy for her contribution over this time and wish her well. As always, our business is only as good as the team that runs it and our customer service team of Maree, Kym, & Jackie are some of the best in the business. They are highly regarded by all who come in to contact with them and it is a pleasure working with them.

As always, a thank you to our Directors who give their time on a volunteer basis for all their efforts this year. We thank them for their ongoing support guidance and wisdom.

Our Commitment to Service

As always, customer service remains our key focus and major points of difference to our competitors. We continue to prove that the provision of a face to face Banking service is something that is still valued by the community we serve. More importantly we have also demonstrated that we can continue to maintain relationships and provide a quality service with our clients even on a remote basis. In addition to all the new technologies, the simple fact that our customers could speak to a familiar voice at the Branch continues to provide comfort and support to those who needed it. In fact, many people who would not otherwise engage directly with the branch were pleasantly surprised at how simple and efficient dealing with the branch is.

Pat Italiano

Branch Manager

Sponsorships, Grants and Donations 2022-2023

Bendigo Community Bank Ettalong Beach Branch contributed $226,135 to the following local events and organisations:

Aquatic Signs
Brisbane Water Netball
Brisbane Water Secondary College – Woy Woy Campus
Central Coast Emergency Accommodation Services
Central Coast Heart Netball
Central Coast Kids in Need
Century Challenge Cycle Ride
Clock Tower Signage
Coastal Twist
Coast Break Netball Club
Dominic Hall and Jacob Hunt
Ettalong Bowling Club
Evan Mannell
Everglades Joint Bowls Tournament
Everglades Ladies Golf Club
Grommet Board Riders
Mary Macs
Michael Hughes Foundation
Ocean Beach Malibu Club
Ocean Beach Surf Club
Pacific Link Housing
Peninsula Environment Group
Peninsula Junior Touch Football Club
Peninsula News
Rotary Club of Brisbane Water
Rotary Club of Terrigal
Rotary Club of Woy Woy
SCUBA Gym Australia
Southern Ettalong United Football Club
Southern Spirit Cricket Club
Terry Webster
Top Blokes
Umina Beach Men’s Bowling Club
Umina Beach Men’s Shed
Umina Beach Netball Club
Umina United Soccer Club
Variety Club – Children’s Charity
Vietnam Veterans Association
Woy Woy Peninsula Little Athletics Club
Woy Woy Rugby League Football Club
Woy Woy Rugby Union Club
Woy Woy Soccer Club
Zeke Collins

Ettalong Beach 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:	Dominic John Michael Gage
Title:	Non executive director
Experience and expertise:	Dominic has 60 years experience in the banking industry. He was a member of Apex, Lions and Rotary clubs and is involved in local sporting groups. Dominic is a past director to Everglades Country Club and a past Vice President of Club NSW Central Coast Region Committee.
Special responsibilities:	Executive Committee

Name:	Donald John Wilson
Title:	Non-executive director
Experience and expertise:	Donald is a CPA qualified accountant with 49 years of experience in public accounting. His experience includes 38 years as principal of Wilson Graham & Associates in Woy Woy.
Special responsibilities:	Treasurer, Executive Committee, Strategic Planning Committee

Name:	Bruce Maxwell Croft
Title:	Non-executive director
Experience and expertise:	Bruce has 42 years of experience in the customer service industry. He is a former secretary of a local soccer club, PCYC and P&C Organisations. He is currently a member of the Rotary Club.
Special responsibilities:	Secretary, Executive Committee, Strategic Planning Committee

Name:	Robert Henry Millwood
Title:	Non-executive director
Experience and expertise:	Robert is a company Director, Accountant, former committee member of Woy Woy RLFC and member of Ocean Beach SLSC.
Special responsibilities:	Deputy Chairman, Assistant Treasurer, Sponsorship and Marketing Committee, Strategic Planning Committee

Name:	Paul David Thomas
Title:	Non-executive director
Experience and expertise:	Paul is a retired Police Officer. He was previously involved in Neighbourhood watch, safety house, Yarran early intervention, and is a committee member of the Woy Woy Rugby League Football Club.
Special responsibilities:	Sponsorship and Marketing Committee

Name:	Jeanette Maxine Polley
Title:	Non-executive director
Experience and expertise:	Jeanette is a School Teacher and University Educator. She has been an Accountant for 26 years and a Retail Small Business Owner for 10 years. Jeanette was also a past President of Ettalong Beach Business Group Inc.
Special responsibilities:	Sponsorship and Marketing Committee, Strategic Planning Committee

Name:	Kerry Craig Watkins
Title:	Non-executive director
Experience and expertise:	Kerry was a former Manager of Compliance in NSW Office of State Revenue. She was responsible for managing and conducting state audits of large public and private companies to ensure compliance with NSW payroll tax legislation. Kerry has a certificate in Commerce Accounting Procedures. She was a former Treasurer of Parramatta Golf Club and is now a Director and Chair of the Audit and Finance Committee for Ettalong Memorial Bowling Club.
Special responsibilities:	Collaborative Marketing Committee

Name:	(Sidney) Michael Trewern Tame
Title:	Non-executive director
Experience and expertise:	Sidney is a Commercial Manager, Lasercraft Australia Limited. He has a Bachelor Business (Marketing, Accounting), Bachelor International Studies (Japanese). FGIA, CPM. Sidney has sales marketing and commercial experience with disability, website, telco, publishing and advertising industry experience.
Special responsibilities:	Sponsorship and Marketing Committee

Name:	Kim Meili Radford
Title:	Non-executive director
Experience and expertise:	Kim is a Council Officer with 16 years experience in Local Government. She has a degree in Social Science (Recreation & Tourism), Diplomas in Leadership & Management, and Holiday Park Management. Kim also has a background in Outdoor Education, Holiday Park & Caravan Park Management. She has spent many years volunteering in the community including sporting groups and Gosford Sailing Club.
Special responsibilities:	Nil

Company secretary
The Company secretary is Bruce Maxwell Croft. Bruce was appointed to the position of Company secretary on 30 June 2011.

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 $390,393 (30 June 2022: $226,573).

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 $
Interim fully franked dividend of 10 cents per share (2022: 5 cents)	75,671
Second interim fully franked dividend of 10 cents per share (2022: nil cents)	75,671
	151,342

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 other matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

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

Ettalong Beach Financial Services Limited
Directors' report
30 June 2023

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		Executive Committee	
	Eligible	Attended	Eligible	Attended
Dominic John Michael Gage	11	9	2	2
Donald John Wilson	11	10	2	2
Bruce Maxwell Croft	11	10	2	2
Robert Henry Millwood	11	10	2	2
Paul David Thomas	11	9	-	-
Jeanette Maxine Polley	11	4	-	-
Kerry Craig Watkins	11	10	-	-
(Sidney) Michael Trewern Tame	11	6	-	-
Kim Meili Radford	11	5	-	-

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
Dominic John Michael Gage	10,000	-	10,000
Donald John Wilson	18,500	-	18,500
Bruce Maxwell Croft	5,000	-	5,000
Robert Henry Millwood	5,000	-	5,000
Paul David Thomas	750	-	750
Jeanette Maxine Polley	-	-	-
Kerry Craig Watkins	-	-	-
(Sidney) Michael Trewern Tame	-	-	-
Kim Meili Radford	-	-	-

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

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

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

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

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

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

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

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

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

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

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

On behalf of the directors

Dominic John Michael Gage
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 Ettalong Beach Financial Services Limited

As lead auditor for the audit of Ettalong Beach 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: 31 August 2023

Joshua Griffin
Lead Auditor

Ettalong Beach Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,531,980	905,089
Other revenue		-	2,500
Finance revenue		16,580	263
Total revenue		1,548,560	907,852
Employee benefits expense	7	(423,787)	(421,452)
Advertising and marketing costs		(12,306)	(5,494)
Occupancy and associated costs		(27,405)	(10,916)
System costs		(17,226)	(18,051)
Depreciation and amortisation expense	7	(63,191)	(62,429)
Finance costs	7	(12,270)	(13,198)
General administration expenses		(61,929)	(61,933)
Total expenses before community contributions and income tax		(618,114)	(593,473)
Profit before community contributions and income tax expense		930,446	314,379
Charitable donations, sponsorships and grants expense	7	(409,191)	(11,221)
Profit before income tax expense		521,255	303,158
Income tax expense	8	(130,862)	(76,585)
Profit after income tax expense for the year	20	390,393	226,573
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		390,393	226,573
		Cents	**Cents**
Basic earnings per share	27	51.59	29.94
Diluted earnings per share	27	51.59	29.94

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

Ettalong Beach Financial Services Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	9	860,269	632,423
Trade and other receivables	10	149,001	104,557
Total current assets		1,009,270	736,980
Non-current assets			
Property, plant and equipment	11	87,128	100,860
Right-of-use assets	12	280,299	261,458
Intangible assets	13	22,813	35,902
Deferred tax assets	8	33,619	32,564
Total non-current assets		423,859	430,784
Total assets		1,433,129	1,167,764
Liabilities			
Current liabilities			
Trade and other payables	14	32,224	46,719
Lease liabilities	15	43,001	35,178
Current tax liabilities	8	78,945	59,890
Employee benefits	16	54,589	55,105
Total current liabilities		208,759	196,892
Non-current liabilities			
Lease liabilities	15	255,239	252,846
Employee benefits	16	5,676	3,096
Lease make good provision	17	51,113	41,639
Total non-current liabilities		312,028	297,581
Total liabilities		520,787	494,473
Net assets		912,342	673,291
Equity			
Issued capital	18	722,104	722,104
Accumulated profits/(losses)	20	190,238	(48,813)
Total equity		912,342	673,291

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

Ettalong Beach Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Accumulated profits/ (losses) $	Total equity $
Balance at 1 July 2021		722,104	(237,550)	484,554
Profit after income tax expense		-	226,573	226,573
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	226,573	226,573
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(37,836)	(37,836)
Balance at 30 June 2022		722,104	(48,813)	673,291

	Note	Issued capital $	Accumulated profits/ (losses) $	Total equity $
Balance at 1 July 2022		722,104	(48,813)	673,291
Profit after income tax expense		-	390,393	390,393
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	390,393	390,393
Transactions with owners in their capacity as owners:				
Dividends provided for	21	-	(151,342)	(151,342)
Balance at 30 June 2023		722,104	190,238	912,342

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

Ettalong Beach Financial Services 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)		1,640,667	968,961
Payments to suppliers and employees (inclusive of GST)		(1,102,724)	(624,801)
Interest received		9,737	263
Interest and other finance costs paid		(4)	-
Income taxes paid		(112,862)	(3,567)
Net cash provided by operating activities	26	434,814	340,856
Cash flows from financing activities			
Dividends paid	21	(151,342)	(37,836)
Repayment of lease liabilities	15	(55,626)	(45,124)
Net cash used in financing activities		(206,968)	(82,960)
Net increase in cash and cash equivalents		227,846	257,896
Cash and cash equivalents at the beginning of the financial year		632,423	374,527
Cash and cash equivalents at the end of the financial year	9	860,269	632,423

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

Note 1. Reporting entity

The financial statements cover Ettalong Beach 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 263-267 Ocean View Road, Ettalong Beach NSW 2257.

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.

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

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

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

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

Note 5. Economic dependency

The company 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 2025.

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

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

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

Note 5. Economic dependency (continued)

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 the Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,426,201	798,735
Fee income	71,814	67,359
Commission income	33,965	38,995
	1,531,980	905,089

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.

Note 6. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	367,986	373,862
Superannuation contributions	37,300	32,882
Expenses related to long service leave	6,211	867
Other expenses	12,290	13,841
	423,787	421,452

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Leasehold improvements	4,628	4,629
Plant and equipment	3,016	3,377
Furniture and fittings	1,257	1,298
Motor vehicles	4,831	4,832
	13,732	14,136
Depreciation of right-of-use assets		
Leased land and buildings	36,370	35,190
Amortisation of intangible assets		
Franchise fee	2,191	2,198
Franchise renewal process fee	10,898	10,905
	13,089	13,103
	63,191	62,429

Finance costs

	2023 $	2022 $
Lease interest expense	10,631	11,648
Unwinding of make-good provision	1,635	1,550
Other	4	-
	12,270	13,198

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

Lease recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	5,509	6,683

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 7. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	109,191	10,800
Contribution to the Community Enterprise Foundation™	300,000	-
	409,191	10,800

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

	2023 $	2022 $
Income tax expense		
Current tax	131,917	69,246
Movement in deferred tax	(1,056)	7,339
Aggregate income tax expense	130,861	76,585
Prima facie income tax reconciliation		
Profit before income tax expense	521,255	303,158
Tax at the statutory tax rate of 25%	130,314	75,790
Tax effect of:		
Non-deductible expenses	548	795
Income tax expense	130,862	76,585

	2023 $	2022 $
Deferred tax assets / (liabilities)		
Employee benefits	15,431	14,763
Provision for lease make good	12,778	10,410
Accrued expenses	925	750
Lease liabilities	74,560	72,006
Right-of-use assets	(70,075)	(65,365)
Deferred tax asset	33,619	32,564

	2023 $	2022 $
Provision for income tax	78,945	59,890

Note 8. Income tax (continued)

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

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

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

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

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

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

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

Note 9. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	152,816	612,290
Term deposits	707,453	20,133
	860,269	632,423

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

Note 10. Trade and other receivables

	2023 $	2022 $
Trade receivables	134,046	96,633
Other receivables and accruals	1,130	1,130
Accrued income	6,908	65
Prepayments	6,917	6,729
	14,955	7,924
	149,001	104,557

Note 10. Trade and other receivables (continued)

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

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

Note 11. Property, plant and equipment

	2023 $	2022 $
Leasehold improvements - at cost	257,520	257,520
Less: Accumulated depreciation	(226,076)	(221,448)
	31,444	36,072
Plant and equipment - at cost	127,441	97,217
Less: Accumulated depreciation	(120,811)	(93,366)
	6,630	3,851
Fixtures and fittings - at cost	30,224	60,448
Less: Accumulated depreciation	(25,686)	(48,858)
	4,538	11,590
Motor vehicles - at cost	72,323	72,323
Less: Accumulated depreciation	(27,807)	(22,976)
	44,516	49,347
	87,128	100,860

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

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2021	40,701	13,023	7,093	54,179	114,996
Depreciation	(4,629)	(3,377)	(1,298)	(4,832)	(14,136)
Balance at 30 June 2022	36,072	9,646	5,795	49,347	100,860
Depreciation	(4,628)	(3,016)	(1,257)	(4,831)	(13,732)
Balance at 30 June 2023	31,444	6,630	4,538	44,516	87,128

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 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:

Leasehold improvements	14 to 20 years
Plant and equipment	1 to 20 years
Furniture, fixtures and fittings	5 to 20 years
Motor vehicles	15 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 12. Right-of-use assets

	2023 $	2022 $
Land and buildings - right-of-use	582,152	526,941
Less: Accumulated depreciation	(301,853)	(265,483)
	280,299	261,458

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	287,863
Remeasurement adjustments	4,980
Measurement reconciliation	3,805
Depreciation expense	(35,190)
Balance at 30 June 2022	261,458
Remeasurement adjustments	55,211
Depreciation expense	(36,370)
Balance at 30 June 2023	280,299

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

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

Refer to note 15 for more information on lease arrangements.

Note 13. Intangible assets

	2023 $	2022 $
Franchise fee	93,444	93,444
Less: Accumulated amortisation	(89,665)	(87,475)
	3,779	5,969
Franchise renewal fee	167,220	167,220
Less: Accumulated amortisation	(148,186)	(137,287)
	19,034	29,933
	22,813	35,902

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	8,167	40,838	49,005
Amortisation expense	(2,198)	(10,905)	(13,103)
Balance at 30 June 2022	5,969	29,933	35,902
Amortisation expense	(2,191)	(10,898)	(13,089)
Balance at 30 June 2023	3,778	19,035	22,813

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 2025
Franchise process fee	Straight-line	Over the franchise term (5 years)	April 2025

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

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

Note 14. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	2,744	515
Other payables and accruals	29,480	46,204
	32,224	46,719

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 15. Lease liabilities

	2023 $	2022 $
Current liabilities		
Property lease liabilities	53,735	45,659
Unexpired interest	(10,734)	(10,481)
	43,001	35,178
Non-current liabilities		
Property lease liabilities	282,784	285,371
Unexpired interest	(27,545)	(32,525)
	255,239	252,846

Reconciliation of lease liabilities

	2023 $	2022 $
Opening balance	288,024	312,821
Remeasurement adjustments	55,211	8,679
Lease interest expense	10,631	11,648
Lease payments - total cash outflow	(55,626)	(45,124)
	298,240	288,024

Maturity analysis

	2023 $	2022 $
Not later than 12 months	53,735	45,659
Between 12 months and 5 years	214,941	182,638
Greater than 5 years	67,843	102,733
	336,519	331,030

Note 15. 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 fixed lease payments and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected not to separate lease and non-lease components when calculating the lease liability.

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

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

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

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
Ettalong Branch	3.80%	5 years	1 x 5 years	Yes	October 2029

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	21,201	25,192
Long service leave	33,388	29,913
	54,589	55,105
Non-current liabilities		
Long service leave	5,676	3,096

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.

Note 16. Employee benefits (continued)

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 17. Lease make good provision

	2023 $	2022 $
Lease make good	51,113	41,639

Lease make good
In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $65,000 for the Ettalong Beach 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 October 2029 at which time it is expected the face-value costs to restore the premises will fall due.

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

Note 18. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	756,711	756,711	756,711	756,711
Less: Equity raising costs	-	-	(34,607)	(34,607)
	756,711	756,711	722,104	722,104

Note 18. 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.

Note 18. 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 19. Capital management

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

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

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

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

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

Note 20. Accumulated profits/(losses)

	2023 $	2022 $
Accumulated losses at the beginning of the financial year	(48,813)	(237,550)
Profit after income tax expense for the year	390,393	226,573
Dividends paid (note 21)	(151,342)	(37,836)
Accumulated profits/(losses) at the end of the financial year	190,238	(48,813)

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 $
Interim fully franked dividend of 10 cents per share (2022: 5 cents)	75,671	37,836
Second interim fully franked dividend of 10 cents per share (2022: nil cents)	75,671	-
	151,342	37,836

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	50,202	63,954
Franking credits (debits) arising from income taxes paid (refunded)	112,862	(1,140)
Franking debits from the payment of franked distributions	(50,447)	(12,612)
	112,617	50,202
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	112,617	50,202
Franking credits (debits) that will arise from payment (refund) of income tax	78,945	59,890
Franking credits available for future reporting periods	191,562	110,092

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 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	142,084	97,828
Cash and cash equivalents	860,269	632,423
	1,002,353	730,251
Financial liabilities		
Trade and other payables	32,224	46,719
Lease liabilities	298,240	288,024
	330,464	334,743

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

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

Note 22. Financial instruments (continued)

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

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

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $860,269 at 30 June 2023 (2022: $632,423).

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	32,224	-	-	32,224
Lease liabilities	53,735	214,941	67,843	336,519
Total non-derivatives	85,959	214,941	67,843	368,743

Note 22. Financial instruments (continued)

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	46,719	-	-	46,719
Lease liabilities	45,659	182,638	102,733	331,030
Total non-derivatives	92,378	182,638	102,733	377,749

Note 23. Key management personnel disclosures

The following persons were directors of Ettalong Beach Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Dominic John Michael Gage
Donald John Wilson
Bruce Maxwell Croft
Robert Henry Millwood
Paul David Thomas
Jeanette Maxine Polley
Kerry Craig Watkins
(Sidney) Michael Trewern Tame
Kim Meili Radford

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	3,310	3,210
General advisory services	2,780	2,286
Share registry services	2,100	3,304
	8,190	8,800
	13,590	14,000

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	390,393	226,573
Adjustments for:		
Depreciation and amortisation	63,191	62,429
Lease liabilities interest	10,631	11,648
Change in operating assets and liabilities:		
Increase in trade and other receivables	(37,601)	(24,298)
Decrease in income tax refund due	-	10,496
Decrease/(increase) in deferred tax assets	(1,055)	7,338
Increase in other operating assets	-	(106)
Increase/(decrease) in trade and other payables	(21,338)	23,301
Increase in provision for income tax	19,055	55,184
Increase/(decrease) in employee benefits	2,064	(33,259)
Increase in other provisions	9,474	1,550
Net cash provided by operating activities	434,814	340,856

Note 27. Earnings per share

	2023 $	2022 $
Profit after income tax	390,393	226,573
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	756,711	756,711
Weighted average number of ordinary shares used in calculating diluted earnings per share	756,711	756,711
	Cents	**Cents**
Basic earnings per share	51.59	29.94
Diluted earnings per share	51.59	29.94

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Ettalong Beach Financial Services 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.

Ettalong Beach 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

____
Dominic John Michael Gage
Chair

31 August 2023

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

Independent auditor's report to the Directors of Ettalong Beach Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ettalong Beach 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 Ettalong Beach Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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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