Annual Report 2023

2023 Annual Report

Logan Community Financial Services Limited

COMMUNITY 20 years BANKING

**Community Bank
Beenleigh, Browns Plains,
Loganholme and Springwood**

ABN 88 101 148 430

Contents

Chairman's report

For year ending 30 June 2023

It has been a big year for us. Twenty years of partnering within the Logan community to provide financial services, and 20 years of collaboration to give back to our local community. Aside from it being a milestone in terms of this anniversary we had the backdrop of changing financial circumstances across not just the local but the national and international landscapes. If this sounds dramatic it's because it is. After reporting for many years that we were working through record low interest rates and wafer-thin margins, we finally saw some increases through moves made by the Reserve Bank. The flow on effect had two fairly divergent impacts; firstly, the increase in margin boosted our revenue allowing us to see profits that we had not seen for several years; but at the same time also producing a highly competitive environment and one in which households became very focused on saving and debt reduction and a subsequent tight property market.

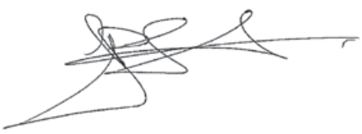
For a number of years now the Board has prided itself on adopting a fiscally responsible approach to the tight conditions we were operating in, equally so a conscientious eye has been applied to the new operating environment that we are in. Like all other businesses around Australia, we have encountered rising operating costs including occupancy, technology, and employment costs to name a few. After enjoying many years of highly stable stating, retirement, maternity and other factors have taken a toll and we have found employment to be one of the stronger challenges we have faced. As a group with multiple outlets, high staff numbers and increasing levels of community engagement, in order to best manage the business and demonstrate further commitment to our social purpose, the Board made the decision to appoint Ms Kate Wakeling to the role of CEO and Executive Director. We now enjoy a full staff compliment again and are well poised to meet the future. Part of this future saw us recommit to our Springwood location in the form of newly fited out premises that will beter serve us our customers and our community, with the expected delivery prior to the end of 2023.

It is a great pleasure to announce a profit of $909,851.00, for the 2022/23 financial year. The Company also had the ability to increase its community contributions (including contributions to the Community Enterprise Foundation™) by $373,321 or 902% compared to 2022. Whilst passing $2.5 million dollars' worth of community contributions has been our own milestone the national total exceeding $300 million through community contributions demonstrates what a powerful model this has been. With the celebration of the 25-year anniversary of the model, recognition of the fact that this is Australia's most powerful social enterprise model continues to drive the passion and energy within the group.

I would like to also acknowledge the appointment of a new Director Maria Elita, who brings a connection to the western part of the city to our team along with immense retail knowledge and experience.

The year ahead continues to produce some challenges to contemplate as refurbishment costs come up, high levels of banking fraud and scams plague the industry, and no doubt margins will at some stage normalize and possibly tighten through the cycle of competition, but we are aware and vigilant to these maters. In the meantime, we ask only that you stick with us for your financial services and communicate with us about your community needs.

All the best from your board.



Jason Luckhardt
Chair

CEO report

For year ending 30 June 2023

I am very excited to share with you my first CEO report. I commenced in the role as CEO on 1 November 2022 and so much has happened in the eight months up until 30 June 2023.

My role as CEO is to execute on the company's strategies and ensure we are engaged in the Logan community. It has been wonderful getting deeply connected within the community, creating partnerships with council, Rotary groups, local chambers and so many of our wonderful community groups and organisations.

My role was created by the Board to become the ambassador or the face of Community Bank Logan and tell our story in the community, so everyone knows what our business model is designed to do. We are a part of the largest social enterprise model in Australia, and we are thrilled to be supporting our community groups, community initiatives and events.

Logan Community Financial Services Limited's aim is to deliver high-quality personalised financial services to the local community. Our unique profit share model enables us to empower the community through investments and proactive actions, fostering financial growth and empowerment for all.

We have a wonderful branch team lead by our Senior Branch Manager Trudy Hill who look after your banking needs. As shareholders if you are banking with us, you will know the amazing service you receive from our wonderful staff. Please continue to advocate for your local community bank as the more business we generate the more we can invest back into our community.

We have sponsored many great initiatives from investing in a sand bagging machine to help our community become more resilient in the event of future floods, to sponsoring the Beenleigh Yatala Junior Chamber of Commerce – Young Business Leaders program where students become entrepreneurs and get to create their own business concepts and present them to the community. Many partnerships have been created from our long-standing partnership with Logan Basketball to a newly formed partnership with the Mini Farm project at the Loganlea State High School. CEO Nick Steiner, leading a great initiative to produce food for the homeless and needy of Logan.

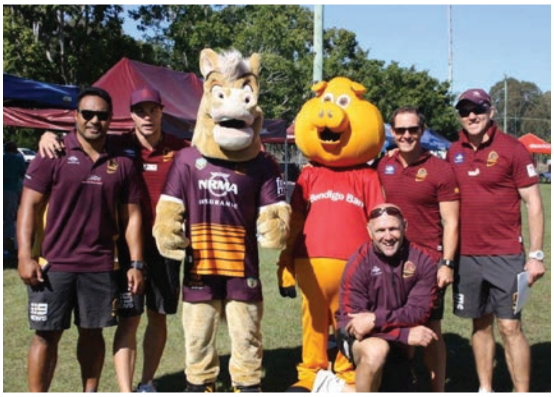
It is wonderful to report in our 20th year of operations we have invested more than $2.5million back into the Logan community.

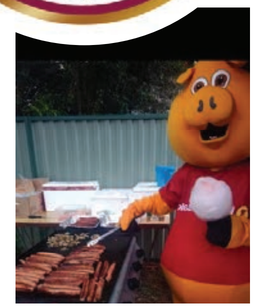
I would like to thank the Board and our branch management team for their support throughout the year.

I feel we have truly embedded ourselves in the community as a key stakeholder business within the Logan community.

Kate Wakeling
CEO & Executive Director

Celebrating 20 years





Celebrating 20 years (continued)


Bendigo Bank
Cornubia Park
Sports Centre
LOGAN CITY COUNCIL


Welcome to...


Bendigo Bank


COMMUNITY


COMMUNITY BANK LOGAN
CELEBRATING 20 YEARS


Bendigo Bank
COMMUNITY


CELEBRATING
10 YEARS IN
LOGAN

Directors' report

For the financial year ended 30 June 2023

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

Directors

The directors of the company who held office during the financial year and to the date of this report are:

Jason Paul Luckhardt

Non-executive director

Occupation: National Franchise Manager

Qualifications, experience and expertise: Licensed Real Estate Agent. Licensed Auctioneer. Diploma of Business (Marketing). Member REIQ. Member of Australian Institute of Company Directors. REIQ Commercial & Industrial Committee Board Member, Former member of Griffith University (Logan Campus) Development Advisory Board GAICD.

Special responsibilities: Board Chair, Member of Governance, Audit & Human Resources Committee. SEQ Representative National Community Bank Council.

Interest in shares: 6,450 ordinary shares

Brett Blair Raguse

Non-executive director

Occupation: Company Director - Strategem Pty Ltd & MiCasa Realty Holdings Pty Ltd

Qualifications, experience and expertise: BA AdvocT (Hons); Cert IV Real Estate Practice; JP Qualified; Former Member of Parliament of Australia; Chair of Federal Parliamentary Standing Committee on Parliamentary Privilege and Members Interests; Former President of two Chambers of Commerce; Past President and Executive Member of multiple community organisations; Former State and Federal Government Ministerial Adviser; Business Adviser, Teacher; Lecturer.

Special responsibilities: Deputy Chair, Member of Marketing & Community Projects Committee.

Interest in shares: 13,300 ordinary shares

Robert Leslie Herriott

Non-executive director

Occupation: Retired

Qualifications, experience and expertise: Retired from 30+ years in the financial services & commercial banking sector. During the last 20 years involved in various management positions within Metway and Suncorp Commercial Banking including past Director of Suncorp Subsidiary "Medical Commercial Finance" MCF. Rotarian for 15 + years Rotary Club of Logan, including 2 years as President also holding various other board positions including Treasurer, International Services and Vocational Services.

Special responsibilities: Chair Governance, Audit & Human Resources and Member of Marketing and Community Projects Committee

Interest in shares: 3,500 ordinary shares

Directors (continued)

Kathleen Robyn Wakeling

Executive director

Occupation: Chief Executive Officer (CEO)

Qualifications, experience and expertise: Kate has been in the Financial Services industry for over 30 years and holds a Diploma in Financial Planning from Deakin University. Member of Australian Institute of Company Directors (GAICD) and has completed the Company Director Course. Member of Governance Institute of Australia (GIA) and completed Certificate in Governance Practice. Keen to encourage diversity in the workforce Kate is also a member of Financial Executive Women (FEW) and Women on Boards (WoB).

Special responsibilities: Member of Governance, Audit and Human Resources Committees, Marketing & Community Projects Committee

Interest in shares: 2,250 ordinary shares

David William Ekert

Non-executive director

Occupation: Consultant

Qualifications, experience and expertise: David is an experienced and flexible Senior Executive Consultant and Teacher with many years' experience in general management, IT and business project management, financial management and accounting, strategic planning and business analysis. David is heavily involved in the Logan community. He was a member of the Rotary Club of Logan for 18 years, having served three terms as President and many other Club Board roles, as well as representing the Club in other community forums. He has been awarded Honorary Membership of the Club in recognition of his service. He has also served on the Management Committee of Canefields Clubhouse and Griffith University's Logan Campus Development Advisory Board. David currently serves as a Director of the national body managing the affairs of Probus Clubs across Australia and New Zealand. David holds a Bachelor's degree in accounting, an MBA specialising in Strategic Management and Marketing, and is a Certified Practising Accountant.

Special responsibilities: Treasurer, Member of Governance, Audit and Human Resources Committee & Strategic Planning Committee

Interest in shares: 3,950 ordinary shares

Lachlan Stewart

Non-executive director

Occupation: Teacher, Business Owner & Personal Trainer

Qualifications, experience and expertise: Lachlan holds a Bachelor of Secondary Education (Information Technology and Physical Education) and a Certificate III & IV Fitness.

Special responsibilities: Chair of Marketing & Community Projects Committee

Interest in shares: 3,450 ordinary shares

Directors (continued)

Leanne Nicole Taylor

Non-executive director

Occupation: Registered Migration Agent/Para-Legal

Qualifications, experience and expertise: Locally since turning 16. 30 years' experience working within the legal industry in various roles from office junior, legal secretary and through to management level positions. More recently, studied to become a Registered Migration Agent (since 2003) working solely in migration law and most recently (since 2016) also assisting clients with their Total and Permanent Disablement claims after significant injury results in them being unable to work. Long-standing member of the Migration Institute of Australia and Migration Alliance. Active Board Member of the Beenleigh Yatala Chamber of Commerce.

Special responsibilities: Member of Governance, Audit and Human Resources Committee & Marketing & Community Projects Committee

Interest in shares: 3,700 ordinary shares

Maria Elita

Non-executive director (appointed 1 July 2023)

Occupation: Self Employed

Qualifications, experience and expertise: Maria is co-founder of Frigg Café + Catering

Special responsibilities: Member of Marketing & Community Projects Committee

Interest in shares: Nil ordinary shares

Elvio John Dizane

Non-executive director (resigned 14 November 2022)

Occupation: Retired/Pensioner

Qualifications, experience and expertise: Elvio has held several management positions throughout his career along with becoming a multi-site franchises holder of Shell Australia (Service Stations) & Barry's The Home Improvers. He was a past member of a variety of networking groups, sporting, body corporate & business committees and is a volunteer for Rosie's - Friends on the Street supporting homeless. He currently works as a casual employee at Bunnings Capalaba.

Special responsibilities: Member of Marketing & Community Projects Committee.

Interest in shares: 2,950 ordinary shares

Directors were in office for this entire year unless otherwise stated.

Company Secretary

The company secretary is Michelle Todd. Michelle was appointed to the position of secretary on 1 January 2023. The previous company secretary was Brett Raguse who held the position from 1 January 2017 and ceased on 1 January 2023.

Qualifications, experience and expertise: Michelle replaced previous Company Secretary Brett Raguse. Appointed 1 January 2023 Michelle has been the Executive Officer for LCFSL for over 16 years, during which she has assisted all previous Company Secretary's in this role, Michelle has a good understanding & importance of this position.

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 these activities during the financial year.

Review of operations

The company's operations has produced the following results:

			Movement		
	2023 $	2022 $	Up/Down	$	%
Revenue	4,971,715	3,379,180	Up	1,592,535	47%
Profit after income tax expense	909,851	278,214	Up	631,637	227%
Total comprehensive income for the year attributable to the ordinary shareholders of the company	909,851	278,214	Up	631,637	227%

	2023 $	2022 $
Profit (loss) after tax attributable to members reported for the 1st half year	561,282	134,224
Profit (loss) after tax attributable to members reported for the 2nd half year	348,569	143,990

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.

Operating and financial review

Overview of company

The company is a franchisee of Bendigo Bank providing financial products and services to individuals, businesses and organisations throughout the local area via the Community Bank branches at Loganholme, Browns Plains, Springwood and Beenleigh. While the branches offers the full suite of Bendigo & Adelaide Bank products and services, margin earnings from firstly loans and then deposits are the predominant contributor to company results.

The general nature of the business market for the company has improved in this financial year, due mainly to increases in official cash rates by the Reserve Bank of Australia. As a result, margin income on loans and deposits has increased substantially compared to previous years. Counteracting this to an extent is the increased competition from other financial institutions and a housing market that is under pressure due to short supply and increasing costs of home ownership. The Company continues to encourage staff to actively pursue new customers etc.

Key Metrics

Five year summary of performance	Unit	2023	2022	2021	2020	2019
Operating revenue	$	4,971,715	3,379,180	3,775,746	3,779,172	3,821,881
Earnings before interest, tax, depreciation, and amortisation	$	1,553,198	752,465	830,087	792,292	399,337
Earnings before interest and tax	$	1,233,226	413,667	502,095	473,735	267,590
Net profit after tax	$	909,851	278,214	344,354	306,206	189,204
Total assets	$	4,530,984	3,589,245	3,867,248	3,744,414	3,147,329
Total liabilities	$	1,104,651	913,288	1,310,030	1,349,748	825,423
Total equity	$	3,426,333	2,675,957	2,557,218	2,394,666	2,321,906
Net cash flow from operating activities	$	1,309,795	471,402	684,505	708,450	470,270
Business footings1	$m	506	516	496	476	452

Operating and financial review (continued)

Shareholder returns

Five year summary of performance	Unit	2023	2022	2021	2020	2019
Profit attributable to owners of the company	$	909,851	278,214	344,354	306,206	189,204
Basic earnings per share	¢	28.43	7.93	10.76	9.57	5.91
Dividends paid	$	159,475	159,475	181,802	191,370	143,524
Dividends per share	¢	5.00	5.00	5.70	6.00	4.50
Profit before tax per $1 of revenue	¢	0.24	0.11	0.12	0.11	0.07
Profit after tax per $1 of equity	¢	0.27	0.10	0.13	0.13	0.08
Net tangible assets per share	¢	1.07	0.82	0.76	0.70	0.65
Price earnings ratio	$	49.88	15.86	18.55	19.14	14.41
Share price	$	0.57	0.50	0.58	0.50	0.41

1 This is a non-IFRS measure of the business domiciled to the company from the franchisor. The footings is the underlying business which generates revenue under the Franchise Agreement. Business footings include loans, deposits, wealth products, and other business.
Returns to shareholders increased through both dividends and capital growth. Dividends for 2023 were fully franked and it is expected that dividends in the future years will continue to be fully franked.

Financial Position

The company continued to improve profitability in this financial year, mainly due to an increase of 47% in total revenue compared to the previous year. This increase is attributable to the increases in official cash rates by the Reserve Bank of Australia. This movement in revenue, combined with close management of expenses has enabled the company to report a greatly improved net profit result. The Company has also increased its community contributions (including contributions to the Community Enterprise Foundation) by $373,321 or 902% compared to 2022.

The cash and cash equivalents position of the company improved for the reporting year by $1,139,621 for a year-end balance of $2,046,640.

The company continues to build a resilient balance sheet, ending June 2023 with net assets of $3,426,333 and Working Capital of $1,882,310.

Drivers of business performance

The results for the 2022/23 financial year have been driven mainly by a rapid growth in mortgage lending and deposits, resulting in an increase in revenue of 47%. Net interest margin returns under the revenue share arrangement have increased following official cash rate increases during the year.

Business strategies

To address the current stage of development of the business and in recognition of the current financial circumstances, both in the economy and the observed impact upon the Bendigo profit share model, the Board has determined to continue the focus upon five broad directions:

1. Strengthening our connection and level of engagement between important stakeholders and partners.
2. Strengthening our Directors role in our business structure and key customer and community segments.
3. Defining our future board skill and diversity mix and a structure that will deliver our Strategic Plan.
4. Focussing our business on the most profitable growth opportunities using our own local marketing plans.
5. Planning to achieve our future business performance expectations.

Operating and financial review (continued)

Future outlook

The company believes there are opportunities to develop additional revenue through:

1. Acquiring additional customers through greater community based events and a focus on local businesses.
2. Improving the range and number of products and services, such as insurance, for each customer.

The company anticipates that current market conditions will remain challenging during the forthcoming financial year. In this environment the company will focus upon increasing the number of customers and the uptake of products and services, thereby further improving revenue flow and profitability.

Remuneration report

Key management personal remuneration policy

Total compensation for all non-executive directors, last voted upon by shareholders at the 2020 AGM, is not to exceed $60,000 per annum. The base fee for the chairperson is $9,000 per annum. Other directors received a payment of $2,750 per annum based on attendance of 11 board meetings @$250 per meeting.

Non-executive director members are also remunerated for their role as Treasurer ($5,000 per annum), Company Secretary ($4,500 per annum) and Committee Chair ($3,000 per annum.)

Non-executive director members who sit on more than one committee received an additional payment of $75 per Committee/Meeting attended.

Non-executive directors do not receive performance-related compensation and are not provided with retirement benefits apart from statutory superannuation.

Key management performance based remuneration

	2023 $	2022 $
Key management personnel		
Jason Paul Luckhardt	12,449	12,425
Brett Blair Raguse	6,191	7,925
Robert Leslie Herriott	8,100	7,325
Kathleen Robyn Wakeling	114,874	1,300
David William Ekert	9,648	8,350
Lachlan Stewart	6,472	6,575
Leanne Nicole Taylor	4,628	3,500
Maria Elita	-	-
Elvio John Dizane	1,436	3,500
	163,798	**50,900**

Kathleen Robyn Wakeling is an executive director who commenced as CEO on 1 November 2022. As such her salary and superannuation for the role have been disclosed with the director fees.

Key management personnel compensation

Key management personnel compensation comprised the following.

	2023 $	2022 $
Short-term employee benefits	150,789	50,900
Post-employment benefits	13,009	-
	163,798	**50,900**

Remuneration report (continued)

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Directors' interests

	Fully paid ordinary shares		
	Balance at start of the year	Changes during the year	Balance at end of the year
Jason Paul Luckhardt	5,950	500	6,450
Brett Blair Raguse	13,300	-	13,300
Robert Leslie Herriott	3,250	250	3,500
Kathleen Robyn Wakeling	2,250	-	2,250
David William Ekert	3,250	-	3,250
Lachlan Stewart	2,950	500	3,450
Leeanne Nicole Taylor	3,450	250	3,700
Maria Elite	-	-	-
Elvio John Dizane	2,950	-	2,950

Dividends

	Year ended 30 June 2023	
	Cents	$
- Fully franked dividends provided for and paid in the year	5	159,475

Significant changes in the state of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company the results of those operations or the state of affairs of the company, in future 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.

Indemnity and insurance of directors and officers

The company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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.

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.

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:

			Committee Meetings Attended			
	Board Meetings Attended		Marketing & Community		Risk, Governance & Audit	
	E	A	E	A	E	A
Jason Paul Luckhardt	11	10	-	-	10	7
Brett Blair Raguse	11	8	6	5	4	2
Robert Leslie Herriott	11	10	12	6	10	10
Kathleen Robyn Wakeling	11	11	8	8	10	10
David William Ekert	11	11	-	-	10	9
Lachlan Stewart	11	7	12	12	-	-
Leeanne Nicole Taylor	11	11	11	6	6	6
Maria Elita	-	-	-	-	-	-
Elvio John Dizane	6	5	5	4	-	-

E - eligible to attend
A - number attended

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*.

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 29 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and are 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 of directors to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- 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

Jason Paul Luckhardt
Chair

13 September 2023

Auditor's independence declaration

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

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

As lead auditor for the audit of Logan 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: 13 September 2023

Joshua Griffin
Lead Auditor

Financial statements

Statement of profit or loss and other comprehensive income
for the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	8	4,908,024	3,303,742
Other revenue	9	39,723	72,153
Finance revenue	10	23,968	3,285
Total revenue		**4,971,715**	**3,379,180**
Employee benefit expenses	11e)	(2,431,435)	(2,069,534)
Advertising and marketing costs		(62,051)	(21,371)
Occupancy and associated costs		(145,859)	(134,958)
Systems costs		(111,824)	(121,699)
Depreciation and amortisation expense	11a)	(319,972)	(338,798)
Finance costs	11b)	(30,221)	(38,528)
General administration expenses		(252,655)	(237,781)
Total expenses before community contributions and income tax		**(3,354,017)**	**(2,962,669)**
Profit before community contributions and income tax expense		**1,617,698**	**416,511**
Charitable donations and sponsorships expense	11c)	(414,693)	(41,372)
Profit before income tax expense		**1,203,005**	**375,139**
Income tax expense	12b)	(293,154)	(96,925)
Profit after income tax expense		**909,851**	**278,214**
Total comprehensive income for the year attributable to the ordinary shareholders of the company:		**909,851**	**278,214**
Earnings per share		**¢**	**¢**
- Basic and diluted earnings per share:	32	28.43	8.69

The accompanying notes form part of these financial statements

Statement of financial position
as at 30 June 2023

	Note	2023 $	2022 $
ASSETS			
Current assets			
Cash and cash equivalents	13a)	2,046,640	1,139,621
Trade and other receivables	15a)	261,528	141,280
Other investments	14a)	7,000	7,000
Total current assets		**2,315,168**	**1,287,901**
Non-current assets			
Property, plant and equipment	16a)	1,565,047	1,622,303
Right-of-use assets	17a)	444,222	629,756
Intangible assets	18a)	-	49,285
Deferred tax asset	19b)	4,806	-
Total non-current assets		**2,014,075**	**2,301,344**
Total assets		**4,329,243**	**3,589,245**
LIABILITIES			
Current liabilities			
Trade and other payables	20a)	39,371	60,203
Current tax liabilities	19a)	239,318	45,865
Loans and borrowings	21a)	2,066	1,943
Lease liabilities	22a)	114,539	188,902
Employee benefits	24a)	37,564	25,001
Provisions	23a)	-	26,762
Total current liabilities		**432,858**	**348,676**
Non-current liabilities			
Lease liabilities	22b)	392,271	506,810
Employee benefits	24b)	-	8
Provisions	23b)	77,781	47,781
Deferred tax liability	19b)	-	10,013
Total non-current liabilities		**470,052**	**564,612**
Total liabilities		**902,910**	**913,288**
Net assets		**3,426,333**	**2,675,957**
EQUITY			
Issued capital	25a)	3,042,211	3,042,211
Retained earnings/(accumulated losses)	26	384,122	(366,254)
Total equity		**3,426,333**	**2,675,957**

The accompanying notes form part of these financial statements

Statement of changes in equity
for the year ended 30 June 2023

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2021		3,042,211	(484,993)	2,557,218
Total comprehensive income for the year		-	278,214	278,214
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31	-	(159,475)	(159,475)
Balance at 30 June 2022		**3,042,211**	**(366,254)**	**2,675,957**
Balance at 1 July 2022		3,042,211	(366,254)	2,675,957
Total comprehensive income for the year		-	909,851	909,851
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	31	-	(159,475)	(159,475)
Balance at 30 June 2023		**3,042,211**	**384,122**	**3,426,333**

The accompanying notes form part of these financial statements

Statement of cash flows
for the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers		5,322,274	3,681,019
Payments to suppliers and employees		(3,867,405)	(3,084,509)
Interest received		23,968	3,285
Interest paid		(358)	(345)
Income taxes paid		(114,520)	(128,048)
Net cash provided by operating activities	**27**	**1,363,959**	**471,402**
Cash flows from investing activities			
Payments for property, plant and equipment	16	(28,173)	(545)
Proceeds from sale of property, plant and equipment		-	14,091
Payments for intangible assets		(53,765)	(53,765)
Net cash used in investing activities		**(81,938)**	**(40,219)**
Cash flows from financing activities			
Repayment of lease liabilities	22	(215,527)	(206,050)
Dividends paid	31	(159,475)	(159,475)
Net cash used in financing activities		**(375,002)**	**(365,525)**
Net cash increase in cash held		907,019	65,658
Cash and cash equivalents at the beginning of the financial year		1,139,621	1,073,963
Cash and cash equivalents at the end of the financial year	**13a)**	**2,046,640**	**1,139,621**

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2023

Note 1 Reporting entity

This is the financial report for Logan Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

Registered Office	Principal Place of Business
Unit 1, 54 Bryants Road Shailer Park QLD 4128	Unit 1, 54 Bryants Road Shailer Park QLD 4128

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 30.

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, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

These financial statements for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 13 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3 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.

Note 4 Summary of significant accounting policies

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

a) Revenue from contracts with customers

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:

Note 4 Summary of significant accounting policies (continued)

a) Revenue from contracts with customers (continued)

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

All revenue is stated net of the amount of Goods and Services Tax (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 – 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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

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

- Interest paid by customers on loans less interest paid to customers on deposits
- 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 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.

b) Other revenue

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

Note 4 Summary of significant accounting policies (continued)

b) Other revenue (continued)

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

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

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

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

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

c) Economic dependency - Bendigo Bank

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.

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

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

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

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

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

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

Note 4 Summary of significant accounting policies (continued)

d) Employee benefits

Short-term 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 wages, salaries and sick leave 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.

Defined superannuation contribution plans

The company contributes to a defined contribution plan. Obligations for superannuation contributions to defined contribution plans are expensed as the related service is provided.

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.

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

e) Taxes

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current income 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.

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 4 Summary of significant accounting policies (continued)

e) Taxes (continued)

Goods and Services Tax

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.

f) 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.

g) 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.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using straight-line and/or diminishing value method over their estimated useful lives, and is recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset class	Method	Useful life
Building	Straight-line	5 to 40 years
Leasehold improvements	Straight-line	5 to 40 years
Plant and equipment	Straight-line and diminishing value	5 to 15 years
Motor vehicles	Straight-line	5 years

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

h) 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
Franchise fee	Straight-line	Over the franchise term (5 years)
Franchise renewal process fee	Straight-line	Over the franchise term (5 years)

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

Note 4 Summary of significant accounting policies (continued)

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents, borrowings, finance leases, equity securities (shares).

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, except for the equity securities which remain at fair value through profit or loss (FVTPL).

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.

j) Impairment

Non-derivative financial assets

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

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

Non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets that have an indefinite useful life 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 the impairment loss (if any).

If the recoverable amount of an asset (or cash-generating unit) 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.

k) Issued capital

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

l) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

m) Leases

At inception of a contract, the company assesses whether a contract contains or is a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and obtain substantially all the economic benefits from the use of that asset.

Note 4 Summary of significant accounting policies (continued)

m) Leases (continued)

As a lessee

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the company's incremental borrowing rate.

The company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise fixed or variable lease payments that depend on an index or rate and lease payments in a renewal option if the company is reasonably certain to exercise that option. For leases of property the company has elected to separate lease and non-lease components when calculating the lease liability.

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 demised 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 zero.

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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Short-term leases and leases of low-value assets

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

Note 5 Significant accounting judgements, estimates, and assumptions

In preparing these financial statements, management has made judgements and estimates that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 22 - leases:	
a) control	a) whether a contract is or contains a lease at inception by assessing whether the company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset;

Note 5 Significant accounting judgements, estimates, and assumptions (continued)

a) Judgements (continued)

Note	Judgement
Note 22 - leases:	
b) lease term	b) whether the company is reasonably certain to exercise extension options, termination periods, and purchase options;
c) discount rates	c) judgement is required to determine the discount rate, where the discount rate is the company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the company and underlying asset including the amount, the lease term, economic environment and other relevant factors.

b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at 30 June 2023 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumptions
Note 19 - recognition of deferred tax assets	availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised;
Note 16 - estimation of useful lives of assets	key assumptions on historical experience and the condition of the asset;
Note 24 - long service leave provision	key assumptions on attrition rate and pay increases though promotion and inflation;
Note 23 - make-good provision	key assumptions on future cost estimates in restoring the leased premises in accordance with the lease agreement;

Note 6 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.

a) 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 of the bank which currently rated BBB+ on Standard & Poor's credit ratings.

b) Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities. 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.

The company maintains the following lines of credit with Bendigo Bank:

- $2,066 loan secured by the company's assets with available redraw of $258,926 as at 30 June 2023. Interest is payable at a rate of 7.390% (2022: 4.14%)

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities. The contractual cash flows amounts are gross and undiscounted.

Note 6 Financial risk management (continued)

b) Liquidity risk (continued)

30 June 2023		Contractual cash flows		
Financial liabilities	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	2,066	2,066	-	-
Lease liabilities	506,810	114,524	307,821	84,465
Trade payables	39,371	39,371	-	-
	548,247	**155,961**	**307,821**	**84,465**

30 June 2023		Contractual cash flows		
Financial liabilities	Carrying amount	Not later than 12 months	Between 12 months and five years	Greater than five years
Bank loans	1,943	1,943	-	-
Lease liabilities	695,712	215,527	394,545	177,589
Trade payables	60,203	60,203	-	-
	757,858	**277,673**	**394,545**	**177,589**

c) Market risk

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 subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

The company held cash and cash equivalents of $2,046,640 at 30 June 2023 (2022: $1,139,621).

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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.

Sensitivity analysis - equity price risk

All of the company's unlisted equity investments trade shares through a Low Volume Financial Market. As at the reporting date the company had no significant exposure to equity price risk due to low dollar value of investments.

Note 7 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.

Note 7 Capital management (continued)

c) Market risk (continued)

The distribution limit is the greater of:

(a) 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and

(b) 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 year ended 30 June 2023 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 8 Revenue from contracts with customers

	2023 $	2022 $
- Margin income	4,408,060	2,788,997
- Fee income	266,496	273,077
- Commission income	233,468	241,668
	4,908,024	**3,303,742**

Note 9 Other revenue

	2023 $	2022 $
- Market development fund income	40,000	60,000
- Gain/(loss) on disposal of property, plant and equipment	(277)	12,153
	39,723	**72,153**

Note 10 Finance revenue

	2023 $	2022 $
- Term deposits	**23,968**	**3,285**

Finance income is recognised when earned using the effective interest rate method.

Note 11 Expenses

a) Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets:		
- Buildings	6,840	7,562
- Leasehold improvements	57,154	58,327
- Plant and equipment	21,159	21,911
- Motor vehicles	-	3,966
	85,153	**91,766**

Note 11 Expenses (continued)

a) Depreciation and amortisation expense (continued)

	2023 $	2022 $
Depreciation of right-of-use assets		
- Leased land and buildings	**185,534**	**193,267**
Amortisation of intangible assets:		
- Franchise fee	8,214	8,961
- Franchise renewal fee	41,071	44,804
	49,285	**53,765**
Total depreciation and amortisation expense	**319,972**	**338,798**

b) Finance costs

	2023 $	2022 $
- Bank loan interest paid or accrued	357	346
- Lease interest expense	26,625	34,986
- Unwinding of make-good provision	3,239	3,196
	30,221	**38,528**

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

c) Charitable donations, sponsorship, advertising and promotion

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 sponsorships, grants and donations).

	2023 $	2022 $
- Direct sponsorships, grants and donations	98,904	29,793
- Contribution to the Community Enterprise Foundation™	315,789	11,579
	414,693	**41,372**

The funds contributed are held by the Community Enterprise Foundation (CEF) and 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.

d) Community Enterprise Foundation™ contributions

During the financial year the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

Note 11 Expenses (continued)

d) Community Enterprise Foundation™ contributions (continued)

	2023 $	2022 $
Disaggregation of CEF funds		
Opening balance	201,435	124,246
Contributions paid in	315,789	90,526
Grants paid out	(5,000)	(10,000)
Interest received	6,323	1,189
Management fees incurred	(15,788)	(4,526)
Balance available for distribution	**502,759**	**201,435**

e) Employee benefit expenses

	2023 $	2022 $
Wages and salaries	1,926,169	1,655,206
Non-cash benefits	4,663	-
Contributions to defined contribution plans	212,555	177,025
Expenses related to long service leave	19,276	1,880
Other expenses	268,772	235,423
	2,431,435	**2,069,534**

f) Recognition exemption

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.

	2023 $	2022 $
Expenses relating to low-value leases	**39,315**	**51,510**

Note 12 Income tax expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

a) Amounts recognised in profit or loss

	2023 $	2022 $
Current tax expense/(credit)		
- Current tax	307,889	116,123
-	-	-
- Movement in deferred tax	(14,819)	(25,207)
- Changes in estimates related to prior years	84	6,009
	293,154	**96,925**

Note 12 Income tax expense (continued)

b) Prima facie income tax reconciliation

	2023 $	2022 $
Operating profit before taxation	1,203,005	375,139
Prima facie tax on profit) from ordinary activities at 25%	300,751	93,786
Tax effect of:		
- Non-deductible expenses	1,637	3,139
- Other deductible expenses	(6,607)	-
- Temporary differences	12,192	25,207
- Movement in deferred tax	(14,819)	(25,207)
	293,154	**96,925**

Note 13 Cash and cash equivalents

a) Cash and cash equivalents

	2023 $	2022 $
- Cash at bank and on hand	1,520,973	945,530
- Term deposits	525,667	194,091
	2,046,640	**1,139,621**

Note 14 Other investments

The company classifies investments as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other investments are classified as non-current.

a) Current investments

	2023 $	2022 $
Equity securities - at FVTPL	**7,000**	**7,000**

Note 15 Trade and other receivables

a) Current assets

	2023 $	2022 $
Trade receivables	**261,528**	**141,280**

Note 16 Property, plant and equipment

a) Carrying amounts

	2023 $	2022 $
Land		
At cost	**724,942**	**724,942**

Note 16 Property, plant and equipment (continued)

a) Carrying amounts (continued)

	2023 $	2022 $
Buildings		
At cost	262,454	262,454
Less: accumulated depreciation and impairment	(99,487)	(92,647)
	162,967	**169,807**
Leasehold improvements		
At cost	970,602	970,602
Less: accumulated depreciation and impairment	(384,289)	(327,135)
	586,313	**643,467**
Plant and equipment		
At cost	381,997	354,642
Less: accumulated depreciation and impairment	(291,172)	(270,555)
	90,825	**84,087**
Motor vehicles		
At cost	34,154	34,154
Less: accumulated depreciation and impairment	(34,154)	(34,154)
	-	**-**
Total written down amount	**1,565,047**	**1,622,303**

The directors do not believe the carrying amount exceeds the recoverable amount of the above assets. The directors therefore believe the carrying amount is not impaired.

b) Reconciliation of carrying amounts

	2023 $	2022 $
Land		
Carrying amount at beginning	**724,942**	**724,942**
Buildings		
Carrying amount at beginning	169,807	177,369
Depreciation	(6,840)	(7,562)
	162,967	**169,807**
Leasehold improvements		
Carrying amount at beginning	643,467	701,794
Depreciation	(57,154)	(58,327)
	586,313	**643,467**
Plant and equipment		
Carrying amount at beginning	84,087	105,452
Additions	28,173	546
Disposals	(276)	-
Depreciation	(21,159)	(21,911)
	90,825	**84,087**

Note 16 Property, plant and equipment (continued)

b) Reconciliation of carrying amounts (continued)

	2023 $	2022 $
Motor vehicles		
Carrying amount at beginning	-	5,904
Disposals	-	(1,938)
Depreciation	-	(3,966)
	-	**-**
Total written down amount	**1,565,047**	**1,622,303**

c) 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 17 Right-of-use assets

a) Carrying amounts

	2023 $	2022 $
Leased land and buildings		
At cost	1,474,187	1,474,187
Less: accumulated depreciation and impairment	(1,029,965)	(844,431)
Total written down amount	**444,222**	**629,756**

b) Reconciliation of carrying amounts

	2023 $	2022 $
Leased land and buildings		
Carrying amount at beginning	629,756	844,710
Remeasurement adjustments	-	(21,687)
Depreciation	(185,534)	(193,267)
	444,222	**629,756**
Total written down amount	**444,222**	**629,756**

Note 18 Intangible assets

a) Carrying amounts

	2023 $	2022 $
Franchise fee		
At cost	411,600	411,600
Less: accumulated amortisation and impairment	(411,600)	(403,386)
	-	**8,214**

Note 18 Intangible assets (continued)

a) Carrying amounts (continued)

	2023 $	2022 $
Franchise renewal fee		
At cost	758,013	758,013
Less: accumulated amortisation and impairment	(758,013)	(716,942)
	-	**41,071**
Total written down amount	**-**	**49,285**

b) Reconciliation of carrying amounts

	2023 $	2022 $
Franchise fee		
Carrying amount at beginning	8,214	17,175
Amortisation	(8,214)	(8,961)
	-	**8,214**
Franchise renewal fee		
Carrying amount at beginning	41,071	85,875
Amortisation	(41,071)	(44,804)
	-	**41,071**
Total written down amount	**-**	**49,285**

The franchise agreement was in the process of being renewed at the time of this report.

c) Changes 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 19 Tax assets and liabilities

a) Current tax

	2023 $	2022 $
Income tax payable	**239,318**	**45,865**

b) Deferred tax

	2023 $	2022 $
Deferred tax assets		
- employee provisions	9,391	6,253
- make-good provision	19,446	18,636
- lease liability	126,702	173,927
Total deferred tax assets	**155,539**	**198,816**

Note 19 Tax assets and liabilities (continued)

b) Deferred tax (continued)

	2023 $	2022 $
Deferred tax liabilities		
- property, plant and equipment	39,677	51,390
- right-of-use assets	111,056	157,439
Total deferred tax liabilities	**150,733**	**208,829**
Net deferred tax assets (liabilities)	**4,806**	**(10,013)**
Movement in deferred tax charged to Statement of Profit or Loss and Other Comprehensive Income	**(14,819)**	**(25,206)**

Note 20 Trade creditors and other payables

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

a) Current liabilities

	2023 $	2022 $
Trade creditors	6,896	13,968
Other creditors and accruals	32,475	46,235
	39,371	**60,203**

Note 21 Loans and borrowings

a) Current liabilities

	2023 $	2022 $
Current portion of secured bank loans	**2,066**	**1,943**

b) Terms and repayment schedule

			30 June 2023		30 June 2022	
	Nominal interest rate	Year of maturity	Face value	Carrying value	Face value	Carrying value
Secured bank loans	7.39%	2032	2,066	2,066	1,943	1,943

Note 22 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 on the adoption date.

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 company's lease portfolio includes:

- Beenleigh branch The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in August 2014. An extension option term of 5 years was exercised in August 2019. The lease has no further 5 year extension options available. As such, the lease term end date used in the calculation of the lease liability is August 2024.

Note 22 Lease liabilities (continued)

- Browns Plains branch The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in June 2019. The lease has 1 further 5 year extension option available. The company is reasonably certain to exercise the final five-year lease term. As such, the lease term end date used in the calculation of the lease liability is June 2029.
- Springwood branch The lease agreement is a non-cancellable lease with an initial term of 5 years which commenced in June 2018. The lease has no further extension options available. As such, the lease term end date used in the calculation of the lease liability is June 2023. As at the date of this report the company was still operating out of this branch and a lease renewal was being negotiated with the landlord. Once finalised the lease liability will be recognised.

a) Current lease liabilities

	2023 $	2022 $
Property lease liabilities	134,502	215,527
Unexpired interest	(19,963)	(26,625)
	114,539	**188,902**

b) Non-current lease liabilities

Property lease liabilities	437,632	572,134
Unexpired interest	(45,361)	(65,324)
	392,271	**506,810**

c) Reconciliation of lease liabilities

Balance at the beginning	695,712	888,462
Remeasurement adjustments	-	(21,686)
Lease interest expense	26,625	34,986
Lease payments - total cash outflow	(215,527)	(206,050)
	506,810!	**695,712**

d) Maturity analysis

	2023 $	2022 $
- Not later than 12 months	134,502	215,527
- Between 12 months and 5 years	353,167	394,545
- Greater than 5 years	84,465	177,589
Total undiscounted lease payments	**572,134**	**787,661**
Unexpired interest	(65,324)	(91,949)
Present value of lease liabilities	**506,810**	**695,712**

Note 23 Provisions

a) Current liabilities

	2023 $	2022 $
Make-good on leased premises	**-**	**26,762**

Note 23 Provisions (continued)

b) Non-current liabilities

	2023 $	2022 $
Make-good on leased premises	**77,781**	**47,781**

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 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as cost to remedy any damages caused during the removal process. The lease is due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provision
Beenleigh	July 2024	$25,000
Brown Plains	May 2029	$33,800
Springwood	Lease is being negotiated, not expected within the next 12 months	$27,860
		86,660

Note 24 Employee benefits

a) Current liabilities

	2023 $	2022 $
Provision for annual leave	14,336	5,675
Provision for long service leave	23,228	19,326
	37,564	**25,001**

b) Non-current liabilities

	2023 $	2022 $
Provision for long service leave	-	8
	-	**8**

c) Key judgement and assumptions

Employee attrition rates

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 25 Issued capital

a) Issued capital

	2023		2022	
	Number	$	Number	$
Ordinary shares - fully paid	3,200,010	3,092,000	3,200,010	3,092,000
Less: equity raising costs	-	(49,789)	-	(49,789)
	3,200,010	**3,042,211**	**3,200,010**	**3,042,211**

Note 25 Issued capital

b) Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 1,029. As at the date of this report, the company had 1,066 shareholders (2022: 1,079 shareholders).

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

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

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

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

Note 26 Retained earnings / (accumulated losses)

	2023 $	2022 $
Balance at beginning of reporting period	(366,254)	(484,993)
Net profit after tax from ordinary activities	909,851	278,214
Dividends provided for or paid	(159,475)	(159,475)
Balance at end of reporting period	**384,122**	**(366,254)**

Note 27 Reconciliation of cash flows from operating activities

	2023 $	2022 $
Net profit after tax from ordinary activities	909,851	278,214
Adjustments for:		
- Depreciation	270,687	285,033
- Amortisation	49,285	53,765
- Lease liabilities interest	26,625	34,986
- (Profit)/loss on disposal of non-current assets	276	(12,153)
Changes in assets and liabilities:		
- (Increase)/decrease in trade and other receivables	(120,248)	(18,216)
- Increase/(decrease) in trade and other payables	33,056	(163,379)
- Increase/(decrease) in employee benefits	12,555	3,200
- Increase/(decrease) in provisions	3,238	3,197
- Increase/(decrease) in tax liabilities	178,634	6,755
Net cash flows provided by operating activities	**1,363,959**	**471,402**

Note 28 Financial instruments

The following shows the carrying amounts for all financial instruments at amortised costs. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2023 $	2022 $
Financial assets			
Trade and other receivables	15	261,528	141,280
Cash and cash equivalents	13	1,520,973	945,530
Term deposits	13	525,667	194,091
		2,308,168	**1,280,901**
Financial liabilities			
Trade and other payables	20	6,896	13,968
Lease liabilities	22	572,134	787,661
Secured bank loans	21	2,066	1,943
		581,096	**803,572**

Note 29 Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

	2023 $	2022 $
Audit and review services		
- Audit and review of financial statements	8,000	7,300
Non audit services		
- Taxation advice and tax compliance services	150	11,060
- General advisory services	4,000	5,530
- Share registry services	10,865	9,077
Total auditor's remuneration	**23,015**	**32,967**

Note 30 Related parties

a) Related party transactions

No director or related entity has entered into a material contract with the company.

Note 31 Dividends provided for or paid

a) Dividends provided for and paid during the period

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	30 June 2023		30 June 2022	
	Cents	$	Cents	$
Fully franked dividend	5.00	159,475	5.00	159,475
Total dividends provided for and paid during the financial year	**5.00**	**159,475**	**5.00**	**159,475**

The tax rate at which dividends have been franked is 25%.

b) Franking account balance

	2023 $	2022 $
Franking credits available for subsequent reporting periods		
Franking account balance at the beginning of the financial year	203,264	128,374
Franking transactions during the financial year:		
- Franking credits (debits) arising from income taxes paid (refunded) following the lodgement of annual tax return.	32,582	51,782
- Franking credits from income tax instalments paid	81,938	76,266
- Franking debits from the payment of franked distributions	(53,158)	(53,158)
Franking account balance at the end of the financial year	**264,626**	**203,264**
Franking transactions that will arise subsequent to the financial year end:		
- Franking credits (debits) that will arise from payment (refund) of income tax	239,317	45,865
Franking credits available for future reporting periods	**503,943**	**249,129**

The ability to utilise franking credits is dependent upon the company's ability to declare dividends.

Note 32 Earnings per share

a) Based and diluted earnings per share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2023 $	2022 $
Profit attributable to ordinary shareholders	**909,851**	**278,214**

	Number	Number
Weighted-average number of ordinary shares	3,200,010	3,200,010
Basic and diluted earnings per share	0.28	0.09

Note 33 Commitments

a) Other commitments

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

Note 34 Contingencies

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Note 35 Subsequent events

There have been no significant events occurring after the reporting period which may affect either the company's operations or the results of those operations or the company's state of affairs.

Directors' declaration

For the financial year ended 30 June 2023

In accordance with a resolution of the directors of Logan Community Financial Services Limited, we state that:

In the opinion of the directors:

(a) the financial statements and notes of the company are 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 performance for the financial year ended on that date; and

  (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

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

(c) the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Chief Executive Officer.

(d) the audited remuneration disclosures set out in the Directors Report (as part of the remuneration report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001* and the Corporations Regulation 2001.

This declaration is made in accordance with a resolution of the board of directors.

Jason Paul Luckhardt
Chair

13 September 2023

NSX report

Logan Community Financial Services Limited is a public company incorporated in Australia and listed on the National Stock Exchange of Australia (NSX).

Shareholding

The following table shows the number of shareholders, segregated into various categories based on the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	709	479,594
1,001 to 5,000	272	758,641
5,001 to 10,000	51	444,400
10,001 to 100,000	29	864,652
100,001 and over	4	642,215
Total shareholders	**1,065**	**3,189,502**

Equity securities

Each of the above shareholders are entitled to 1 vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than 5% of voting rights) as each shareholder is entitled to 1 vote. Normally holding more than 5% of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 21 shareholders holding less than a marketable parcel of shares ($500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to $1 per share. There are no unquoted equity securities.

Ten largest shareholders

The following table shows the 10 largest shareholders including equal holdings.

Shareholder	Number of fully paid shares held	Percentage of issued capital
BENDIGO & ADELAIDE BANK LIMITED	247,500	7.76%
Mr WARREN ANDREW DICKER	171,275	5.37%
EZY INVESTMENTS PTY LTD <EZY HOMES SUPER FUND A/C>	120,940	3.79%
CENTRAL PLUMBING SUPPLIES PTY LTD	102,500	3.21%
WESTFERRY OPERATIONS PTY LTD <THE WESTFERRY FUND A/C>	67,000	2.10%
THE WARING FAMILY SUPERANNUATION FUND	66,000	2.07%
CARLTON SUPER FUND ACCOUNT	60,000	1.88%
WEEK CONSTRUCTIONS PTY LTD	57,000	1.79%
WINPAR HOLDINGS LIMITED	56,900	1.78%
Ms LEONIE MCCABE <LEONIE MCCABE SUPER FUND A/C>	50,000	1.57%
THE MILES SUPERANNUATION FUND	50,000	1.57%
	1,049,115	

Registered office and principal administrative office

The registered office of the company is located at:

Unit 1, 54 Bryants Road
Shailer Park QLD 4128
Phone: 0406 699 273

The principal administrative office of the company is located at:

Unit 1, 54 Bryants Road
Shailer Park QLD 4128
Phone: 0406 699 273

Security register

The security register (share register) is kept at:

AFS & Associates
61 Bull Street,
Bendigo VIC 3550
Phone: (03) 5443 0344

Corporate governance

The company has implemented various corporate governance practices, which include:

(a) The establishment of an Audit and Governance Committee. Members of the Audit and Governance Committee are Jason Luckhardt, Brett Raguse, Robert Herriott, Kate Wakeling, David Ekert and Leanne Taylor;

(b) Director approval of operating budgets and monitoring of progress against these budgets;

(c) Ongoing Director training; and

(d) Monthly Director meetings to discuss performance and strategic plans.

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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(03) 5443 0344

Independent auditor's report to the Directors of Logan Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Logan 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 Logan 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; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our key audit procedures addressed this
Revenue Share Model The company is a franchise of Bendigo Bank. 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 receives the Revenue Share from Bendigo Bank via a monthly profit share statement. Our key audit matter was focused on the following areas of risk: ▪ Revenue is recognised appropriately and in line with AASB 15 Revenue from Contracts with Customers. ▪ Reliance on third party auditor EY to review the revenue share model.	▪ Review monthly profit share statements for the entire year and analytically assess the existence, accuracy and completeness of revenue. ▪ EY complete a Community Bank Revenue Share Arrangements report on factual findings biannually, which we plan to review and determine that the scope and testing procedures were sufficient to enable reliance on the monthly profit share reports specifically relating to revenue.

There are no other key audit matters to disclose for the 30 June 2023 audit.

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 entity'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.

Auditor's responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Logan Community Financial Services Limited, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 13 September 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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