

Annual Report 2024

Barwon Heads Community
Enterprise Limited

Community Bank
Barwon Heads

ABN 68 149 465 396



Contents

Chair's report	2
Manager's report	4
Bendigo and Adelaide Bank report	5
Community Bank National Council report	6
Directors' report	7
Auditor's independence declaration	13
Financial statements	14
Notes to the financial statements	18
Directors' declaration	39
Independent audit report	40

Chair's report

For year ending 30 June 2024

Our Vision is *To be your community bank – community driven* with a Mission to *Create lasting & meaningful impacts for our communities* and we continued to focus and deliver on this throughout FY24. Thanks to the support of our customers, the advocacy of the groups we support and sponsor, and the commitment of our volunteer Board, over \$240,000 was provided back to our communities.

FY24 marked a significant shift as in addition to our regular sponsorships and grants, we were really pleased to be able to support some significant “capital” projects including The Tin Shed kitchen, Community Hall roof, a new cool room for Feed me Bellarine, a new oven for the Senior Citizens and new furniture for the Bowls Club.

We can only provide these funds back to our communities if our Community Bank performs – and they certainly did that. In what turned out to be a challenging year, our Branch performance led the region across most key metrics and we are exceptionally proud of our team who are led so passionately by Kellie. It is a real achievement (and we are extremely fortunate) to have such a stable, committed and friendly team and the work that Kellie has done to create such a positive team environment is sensational.

We have seen change in our volunteer Board throughout the year and we continue to strive to have a committed and focused Board who are reflective of the communities in which we serve. A massive thankyou to our past and current Board members. We ask a lot of you. Not only do we ask you to engage in the community, advocate and promote the Branch and the impact we have, we also ask you to be Company Directors and help guide a significant business to grow sustainably. Thank-you to you all – and your families who support you in this noble cause.

As a community owned bank, we are extremely fortunate to have a loyal and committed shareholder group – thankyou for your ongoing support of Community Bank Barwon Heads.

To our customers – thankyou on behalf of our communities. We are extremely aware that you have a choice as to where your source your financial services and products. As such, we truly appreciate your decision to bank with Community Bank Barwon Heads. The fact that you do bank with us, enables us to be in a position where we can support a broad range of community and sporting groups across our region.

This year we completed a process to clarify our Community Impact Strategy and identified 5 key pillars that we will focus on over the coming years:

Environment:

- Support the ongoing protection and sustainability of environmental assets across Barwon Heads and minimise the impacts of climate change.

Social Inclusion:

- Leverage and enhance our unique community village feel to support people's wellbeing & the ability of our community to stay connected through strong community groups & outstanding community infrastructure

Economic:

- Support a thriving and connected and collaborative local business network

Community Resilience:

- Drive initiatives aimed at enhancing the livability and resilience of Barwon Heads through addressing potential barriers.

Youth Empowerment:

Chair's report (continued)

- Enhance local youth leadership, pride and connectedness to Barwon Heads to maintain greater human capital in our region and support the next generation of community leaders.

As a Board we will be using these pillars as a reference when we assess requests for funds and will also be looking for opportunities to proactively engage and make a positive contribution in each of these areas of focus.

A final comment – actually a request - Would you please help us to continue to tell our story?

We are excited about the opportunities that exist across our region and in our communities. But, for Community Bank Barwon Heads to continue to grow and make the contribution to our communities, we need to grow our business – that's where we need you!

Help us tell the story of the Community Bank model and that Community Bank Barwon Heads has contributed over \$1.1M back to our communities.

Word of mouth is still the most impactful form of communication and we still find that when a potential customer is recommended by a Community Bank Barwon Heads advocate (like you), this is the most powerful way of gaining new customers, growing our business and enabling us to give back to our communities.

Thank you again for your support, it is truly a privilege to be Chair of the Community Bank Barwon Heads.

All the best!



Damien O'Malley
Chair
Community Bank Barwon Heads

Manager's report

For year ending 30 June 2024

I am delighted to present my third report as Branch Manager of Community Bank Barwon Heads. Over the past 12 months, my team and I have forged strong connections within the branch, with the board, and throughout the broader community.

The Community Bank Barwon Heads experienced significant growth this financial year, with our business expanding from \$149 million to \$178 million. This growth was driven by strong results in retail and consumer banking, along with positive outcomes in business banking.

Customer numbers have continued to increase, with a growth rate of 15.37% this year, which is an encouraging sign. Customer satisfaction remains high at 4.76. I am immensely proud of the entire team's dedication to providing exceptional customer service, actively participating in the community, and making a meaningful impact.

Since its inception in 2012, Barwon Heads Community Enterprise Limited (BHCEL) has donated over \$1.1 million to the local community. I extend my heartfelt thanks to the diverse community groups that have welcomed me as part of their teams over the past couple of years. I look forward to continuing to strengthen these relationships and establish new ones in the future.

The Community Bank Barwon Heads team is dedicated to serving our community by building strong relationships both within the branch and beyond. We are committed to ensuring that our customers, directors, shareholders, and the broader community are always well cared for. I would like to express my gratitude to the team for their passion and support. I am truly grateful for each individual contribution.

I am incredibly proud of the impact Community Bank Barwon Heads continues to have across the region. The support of the board of directors, the Bendigo Bank regional team, and the Barwon Heads community is crucial to our ongoing strong business growth. This support ensures that we will continue to achieve great things in the future.



Kellie Thomson
Branch Manager
Community Bank Barwon Heads

Bendigo and Adelaide Bank report

For year ending 30 June 2024

This past year has been particularly significant for Bendigo Bank and the Community Bank network. After five years apart, we had the opportunity to come together in person and connect in Bendigo at our National Conference in September.

It was lovely to see so many familiar faces and to meet many directors who haven't attended previously. We feel proud to support such an amazing network.

We are committed to our strategy and the qualities that make Bendigo Bank unique, by staying true to our connection with communities, our regional roots, and our position as Australia's most trusted bank.

As Bendigo Bank adapts to the evolving digital landscape and changing customer expectations, the Community Bank Network is organically evolving in response.

Over the past 12 months, we have seen Community Bank companies seek to enhance their presence within their communities more than ever.

This has been through expanding or consolidating branch sites, collaborating with local, state, and national governments to support community initiatives, or by prioritising social value alongside financial performance through Social Trader accreditation.

The anniversary of the Community Bank model, along with changing environmental factors, provides an opportunity to reset and establish a clear pathway towards the next 25 years.

Bendigo Bank's purpose, to feed into the prosperity of communities, and our willingness to ensure our purpose is relevant to the needs of communities in which we are present, is a key contributor to our commercial success.

When we utilise our combined strengths, exercise our imaginations and have the courage to commit to creating our own opportunities, we will be the partner of choice for customers and communities regardless of location or cause.

Community, regional presence, and trust are the distinctive attributes of Bendigo Bank that we have maintained and plan to uphold in the future.

While Bendigo Bank emphasises commercial success, our foundation remains in community values. Our aim is to generate mutual value by providing solutions to local challenges.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your contribution helps foster economic growth, creates employment opportunities, and provides essential financial services to the members of your community.

Your dedication and support is making a positive impact on your community.

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2024



COMMUNITY BANK
NATIONAL COUNCIL

Community Bank network: celebrating 26 years of empowering communities

This year our Community Bank network celebrated 26 years of providing grassroots support to metro, regional, rural and remote communities across Australia. It's a milestone that has been widely applauded by our customers and partners who recognise the significant role we play in the lives of everyday Australians. We're there when it matters – whether that be as second responders in times of natural disaster, crisis and need; or as community builders, providing resources and support; help and hope.

In the 2022-23 financial year, our Community Bank network gave back more than \$32 million in grants, sponsorships and donations to local community projects and initiatives. Over 26 years, we have returned more than \$324 million to local communities for emergency services; facilities and infrastructure; sport and recreation; education and research; health and wellbeing; art, culture and heritage as well as environment and animal welfare.

As a shareholder in your local Community Bank, you are part of this incredible social enterprise network that is playing an ever-important role in the Australian economy. With close working relationships with local, state and federal government, peak governing bodies, clubs and community organisations, we are integrally connected and in tune with the needs of everyday Australians.

Our Community Bank network is a first mover in Australia with our unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 305 Community Bank branches. Today we represent a diverse cross-section of Australia with more than 215 community enterprises, 70,000+ shareholders, 1500+ volunteer directors, 1700 staff and 950,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in these relationships. The CBNC consists of both elected and appointed members from every state and territory. The role of council is to represent the network with its partners and to engage in strategic planning that delivers positive outcomes for our business and our communities.

The 2024 - 2026 Community Bank National Council Strategic Plan has four key focus areas:

- Impact – a planned, deliberate approach with investments that enhance community prosperity.
- Leadership and advocacy – to ensure the long-term sustainability of our enterprises.
- Network alignment – enabling us to develop and nurture partnerships that align with our defined areas of social impact.
- Commercial prosperity – supporting the commercial success of our enterprises.

It is through this strategic plan, which has a foundation built on connection and collaboration, that we will deliver a strong, and secure future for our directors, shareholders, staff and the communities we serve.

Warm regards

Lauren Bean
General Manager
Community Bank National Council

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

Directors

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

Name:	Damien Patrick O'Malley
Title:	Non-executive director
Experience and expertise:	Founder and Senior Consultant of strategic HR consulting business and co-founder of strategic off-sites consulting business. Clients include commercial / non-for-profit organisations in health, hospitality, infrastructure, financial services, legal services & retail. Previous experience as senior HR practitioner in leading national business in financial services, directories, gambling & entertainment, aviation and retail. Masters of Human Resources Development (UTS), Bachelor of Arts (Adelaide University), accredited as Executive Coach and number of leadership, team and cultural diagnostics.
Special responsibilities:	Chair, Business Development, Member Business Development and Grants, Member Operations, and Culture Committee, Member Strategy and Governance Committee
Name:	Pamela Jean Morrison
Title:	Non-executive director
Experience and expertise:	Pamela is a recently retired Emergency Nurse. She has also worked in remote area nursing -Weipa -and in a Withdrawal Clinic in Geelong. Pamela has a Nursing Degree with Honours which she completed at the age of 45. She belongs to the local Community Garden group with the ancillary group of Beekeepers. She is passionate about supporting community groups and individuals within the community of Barwon Heads and surrounds. Recently Pamela has undertaken an admin. role with Geelong Hospice Foundation which involved scribing for their Voluntary Board and assisting with the administration of Grants to relevant groups and individuals within the Palliative Care community.
Special responsibilities:	Member Business Development and Grants Committee
Name:	David Ian Patrick
Title:	Non-executive director
Experience and expertise:	After retiring from senior management positions in a large multinational company, Patrick undertook consultancy positions with various public companies focusing on the Logistics and Procurement functions. Since being welcomed into the Barwon Heads community a number of years ago he wanted to contribute back into that community, hence his decision to join the board.
Special responsibilities:	Chair Operations and Culture Committee
Name:	Christine Mary McDonald
Title:	Non-executive director
Experience and expertise:	Bachelor of Science, Diploma Education, Certificate IV in Financial Services. Experience as a Mathematics/Computer Science Teacher, RAN Officer in the areas of electronics and media, Finance Officer and BAS Agent.
Special responsibilities:	Secretary, Member Operations and Culture Committee
Name:	Nicola O'Reilly
Title:	Non-executive Director (appointed 30 October 2023)
Experience and expertise:	Nicola has prior experience in Senior Manager roles, employed in the fashion industry at Target, Harris Scarfe, Gloweave and Myer.
Special responsibilities:	Member Business Development and Grants Committee
Name:	Ethan Wright
Title:	Non-executive director (appointed 29 January 2024)
Experience and expertise:	Ethan works in education and is involved in supporting the Barwon Heads Football Club's women's teams.
Special responsibilities:	Member Business Development and Grants Committee

Directors' report (continued)

Name: Dylan Mulgrew
Title: Non-executive director (appointed 29 January 2024)
Experience and expertise: Dylan is a Finance Manager with a Federal Government Agency and has expertise in Financial Governance & Performance. Dylan is a provisional member of Chartered Accountants ANZ and has a Bachelor of Commerce from Deakin University.
Special responsibilities: Treasurer, Member Strategy and Governance Committee

Name: Tim Crowley
Title: Non-executive director (appointed 29 January 2024)
Experience and expertise: Tim is a Team leader at Worksafe in the Claims and Recovery Support Division. Previous employed for 3 years as a Team Manager at TAC in the Relationship Management Branch.
He currently volunteers for the following:
Geelong Youth Engagement – Committee for Events
Leaders for Geelong Program 2023 – Committee for Geelong
Leaders for Geelong Mentor for 2024 Program – Committee for Geelong
Special responsibilities: Member Operations and Culture Committee

Name: Matthew James Morey
Title: Non-executive director (appointed 29 January 2024, resigned 26 August 2024)
Experience and expertise: Medical practitioner – certiltra radiologist
Matthew is medical practitioner and consultant radiologist. He is active in the local community with the primary school and sporting clubs.

Name: Lisa Nicole Hind
Title: Non-executive director (resigned 26 August 2024)
Experience and expertise: Lisa is a media, communications and content specialist with experience building brand equity and positive community sentiment for a range of media, government and non-profit organisations across multiple channels including radio, television and social media.
Special responsibilities: Member Business Development and Grants Committee

Name: Nishantha Lakshman Paranavitana
Title: Non-executive director (resigned 31 July 2023)
Experience and expertise: Nishantha has been a freelance photographer for the past 9 years, running a photography business. Prior to that, Nishantha was a Financial Planner and worked in the Banking and Finance industry for 24 years. Qualifications include an Advanced Diploma in Photography and a Diploma in Financial Planning.
Special responsibilities: Member Business Development and Grants Committee

Name: Phoebe Gillian Chirnside
Title: Non-executive director (resigned 18 December 2023)
Experience and expertise: Phoebe is a Brand Manager at CSL Seqirus with 6 years experience in the Pharmaceutical industry. Her qualifications include Bachelor of Business (Marketing) from RMIT. She currently holds the position of Women's Football Director for Barwon Heads Football Netball Club and is a player within the Women's Football team. Phoebe grew up locally in Wallington, but has since relocated to London, UK for a work opportunity.
Special responsibilities: Member of Strategy and Governance Committee

Name: Anthony James Gurry
Title: Non-executive director (resigned 1 November 2023)
Experience and expertise: Bachelor of Commerce from Melbourne University, Fellow of Institute of Chartered Accountants. Practised as an Accountant in Hamilton, Victoria for over 40 years. Served on the Board as President for Currawong House, Hamilton Base Hospital and Mulleraterong Centre Inc. Life member of Hamilton Base Hospital and Mulleraterong Centre Inc.
Special responsibilities: Member Strategy and Governance Committee

Directors' report (continued)

Name: Alexander Gordon Scott Gemmell
Title: Non-executive director (resigned 18 December 2023)
Experience and expertise: Member Institute of Chartered Accountants of Scotland. Bachelor in Accounting from Edinburgh University. Qualified with one of the Big Four accounting practices then held senior roles in financial, logistics and general management across international chemical and food businesses. Thereafter CEO of a major Not-for-Profit operating in aged care, retirement living, disability, youth and children's services. Latterly a consultant to the aged care and retirement sectors.
Special responsibilities: Deputy Chair, Treasurer, Member Operations and Culture Committee, Member Strategy and Governance Committee

Name: Martin Clarke Sinnett
Title: Non-executive director (resigned 25 March 2024)
Experience and expertise: Martin is an Oral Health Therapist who co-established Barwon Heads Dental. He has worked with specialist Orthodontists, Periodontists, Prosthodontists and general Dentists in Australia and abroad.
Special responsibilities: Member Business Development and Grants Committee

Name: Lauren Rosamond O'Loughlin
Title: Non-executive director (resigned 29 April 2024)
Experience and expertise: Lauren works as a corporate and commercial lawyer with a specific focus in commercial leasing, the sale of businesses, franchising and intellectual property. Lauren holds a Bachelor of Laws and Bachelor of International Studies from Deakin University.
Special responsibilities: Member Strategy and Governance Committee

Name: Jessie Louise Christiaans
Title: Non-executive director (resigned 18 May 2024)
Experience and expertise: Since graduating from La Trobe University with a Bachelor degree of Applied Science and Master of Occupational Therapy Practice, Jess has worked in various clinical health care settings. Jess is the Director of a mobile Occupational Therapy business (My Health Space Pty Ltd), which services people with NDIS plans and Home Care Packages in the Geelong, Bellarine, Surf Coast, Colac Otway Region, Greater Melbourne and Greater Western Victoria Region. In addition to her work commitments, Jess is in the leadership team for the Barwon Heads Senior Women's Football Program and enjoys volunteering her time to the Junior Football Program.
Special responsibilities: Member Business Development and Grants Committee

Company secretary

The company secretary is Christine Mary McDonald. Christine was appointed to the position of company secretary on 15 May 2023.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The loss for the company after providing for income tax amounted to \$60,688 (30 June 2023: profit of \$20,711).

Operations have continued to perform in line with expectations.

Directors' report (continued)

Dividends

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

	2024
	\$
Fully franked dividend of 8.21 cents per share (2023: 7 cents)	<u><u>67,113</u></u>

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Environmental regulation

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

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Board		Business Development & Grants	
	Eligible	Attended	Eligible	Attended
Damien Patrick O'Malley	12	11	12	10
Pamela Jean Morrison	12	9	12	12
David Ian Patrick	12	8	-	-
Lisa Nicole Hind	12	8	12	10
Christine Mary McDonald	12	10	-	-
Nicola O'Reilly	9	4	9	6
Ethan Wright	6	5	-	-
Dylan Mulgrew	6	6	-	-
Tim Crowley	6	5	-	-
Matthew James Morey	5	2	5	1
Nishantha Lakshman Paranavitana	1	-	1	1
Phoebe Gillian Chirnside	7	6	-	-
Anthony James Gurry	5	2	-	-
Alexander Gordon Scott Gemmell	5	5	-	-
Martin Clarke Sinnett	9	7	9	5
Lauren Rosamond O'Loughlin	10	8	-	-
Jessie Louise Christiaans	12	5	10	6

Directors' report (continued)

	Operations & Culture		Strategy, Governance & Stakeholder	
	Eligible	Attended	Eligible	Attended
Damien Patrick O'Malley	9	8	9	8
Pamela Jean Morrison	-	-	-	-
David Ian Patrick	9	8	-	-
Lisa Nicole Hind	-	-	-	-
Christine Mary McDonald	9	7	-	-
Nicola O'Reilly	-	-	-	-
Ethan Wright	-	-	5	4
Dylan Mulgrew	-	-	5	5
Tim Crowley	4	4	-	-
Matthew James Morey	-	-	-	-
Nishantha Lakshman Paranavitana	-	-	-	-
Phoebe Gillian Chirnside	-	-	5	3
Anthony James Gurry	-	-	4	1
Alexander Gordon Scott Gemmell	4	2	4	3
Martin Clarke Sinnett	-	-	-	-
Lauren Rosamond O'Loughlin	-	-	7	7
Jessie Louise Christiaans	-	-	-	-

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

No directors hold an interest in company shareholdings.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

Directors' report (continued)

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

Non-audit services

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

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

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

Auditor's independence declaration

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

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

On behalf of the directors



Damien Patrick O'Malley
Chair

27 September 2024

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 Barwon Heads Community Enterprise Limited

As lead auditor for the audit of Barwon Heads Community Enterprise Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2024

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

Joshua Griffin
Lead Auditor

Financial statements

Barwon Heads Community Enterprise Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	1,149,979	1,219,992
Other revenue		29,182	60,546
Finance revenue		19,917	365
Fair value gains on financial assets		-	19,899
Total revenue		<u>1,199,078</u>	<u>1,300,802</u>
Employee benefits expense	8	(686,680)	(528,714)
Advertising and marketing costs		(21,445)	(16,513)
Occupancy and associated costs		(29,945)	(24,745)
System costs		(36,576)	(30,176)
Depreciation and amortisation expense	8	(130,876)	(118,784)
Loss on disposal of assets		-	(33,521)
Finance costs	8	(37,694)	(17,069)
General administration expenses		(116,225)	(102,410)
Total expenses before community contributions and income tax expense		<u>(1,059,441)</u>	<u>(871,932)</u>
Profit before community contributions and income tax expense		139,637	428,870
Charitable donations, sponsorships and grants expense	8	<u>(217,938)</u>	<u>(383,469)</u>
Profit/(loss) before income tax (expense)/benefit		(78,301)	45,401
Income tax (expense)/benefit	9	<u>17,613</u>	<u>(24,690)</u>
Profit/(loss) after income tax (expense)/benefit for the year		(60,688)	20,711
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u><u>(60,688)</u></u>	<u><u>20,711</u></u>
		Cents	Cents
Basic earnings per share	28	(7.42)	2.53
Diluted earnings per share	28	(7.42)	2.53

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

Financial statements (continued)

Barwon Heads Community Enterprise Limited Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	241,841	950,498
Trade and other receivables	11	93,698	86,202
Investments	12	492,766	24,953
Current tax assets	9	-	28,106
Total current assets		<u>828,305</u>	<u>1,089,759</u>
Non-current assets			
Investment properties	15	48,176	71,518
Property, plant and equipment	13	194,506	219,119
Right-of-use assets	14	520,624	269,666
Intangible assets	16	37,323	63,179
Deferred tax assets	9	15,350	-
Total non-current assets		<u>815,979</u>	<u>623,482</u>
Total assets		<u>1,644,284</u>	<u>1,713,241</u>
Liabilities			
Current liabilities			
Trade and other payables	17	67,362	237,035
Lease liabilities	18	96,091	85,051
Employee benefits	19	11,007	6,096
Total current liabilities		<u>174,460</u>	<u>328,182</u>
Non-current liabilities			
Trade and other payables	17	14,631	29,263
Lease liabilities	18	508,897	278,700
Deferred tax liabilities	9	-	2,263
Employee benefits	19	1,528	2,003
Provisions		1,418	1,679
Total non-current liabilities		<u>526,474</u>	<u>313,908</u>
Total liabilities		<u>700,934</u>	<u>642,090</u>
Net assets		<u>943,350</u>	<u>1,071,151</u>
Equity			
Issued capital	20	789,491	789,491
Retained earnings		<u>153,859</u>	<u>281,660</u>
Total equity		<u>943,350</u>	<u>1,071,151</u>

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

Financial statements (continued)

Barwon Heads Community Enterprise Limited Statement of changes in equity For the year ended 30 June 2024

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		789,491	318,171	1,107,662
Profit after income tax expense		-	20,711	20,711
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	20,711	20,711
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	22	-	(57,222)	(57,222)
Balance at 30 June 2023		<u>789,491</u>	<u>281,660</u>	<u>1,071,151</u>
Balance at 1 July 2023		789,491	281,660	1,071,151
Loss after income tax benefit		-	(60,688)	(60,688)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	(60,688)	(60,688)
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	22	-	(67,113)	(67,113)
Balance at 30 June 2024		<u>789,491</u>	<u>153,859</u>	<u>943,350</u>

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

Financial statements (continued)

Barwon Heads Community Enterprise Limited Statement of cash flows For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,294,106	1,337,061
Payments to suppliers and employees (inclusive of GST)		(1,167,215)	(1,237,903)
Dividends received		-	33,560
Interest received		17,814	365
Interest and other finance costs paid		-	(196)
Income taxes refunded/(paid)		28,106	(46,473)
Net cash provided by operating activities	27	<u>172,811</u>	<u>86,414</u>
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(467,813)	31,801
Payments for property, plant and equipment		(234,249)	(2,179)
Payments for intangible assets		(13,301)	(13,301)
Proceeds from disposal of financial assets		-	592,567
Net cash provided by/(used in) investing activities		<u>(715,363)</u>	<u>608,888</u>
Cash flows from financing activities			
Interest and other finance costs paid		(37,630)	(16,800)
Dividends paid	22	(67,113)	(57,222)
Repayment of lease liabilities		(61,362)	(76,812)
Net cash used in financing activities		<u>(166,105)</u>	<u>(150,834)</u>
Net increase/(decrease) in cash and cash equivalents		(708,657)	544,468
Cash and cash equivalents at the beginning of the financial year		<u>950,498</u>	<u>406,030</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>241,841</u></u>	<u><u>950,498</u></u>

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

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 70 Hitchcock Avenue, Barwon Heads, VIC 3227.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

Current and non-current classification

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

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

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

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

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires the directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. The directors continually evaluate their judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses.

The directors base their judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that it believes to be reasonable under the circumstances. Differences between the accounting judgements and estimates and actual results and outcomes are accounted for in future reporting periods. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Judgements

Timing of revenue recognition associated with trail commission

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Notes to the financial statements (continued)

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

Allowance for expected credit losses on trade and other receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

- 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.
- 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. The directors are not aware of any such non-compliance at balance date.
- 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 has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

Recovery of deferred tax assets

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

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term.

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Estimates and assumptions

Estimation of useful lives of assets

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

Notes to the financial statements (continued)

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Lease make good provision

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

Note 5. Economic dependency

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

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

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

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

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

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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

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

Note 6. Change to comparative figures

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparative figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$24,953 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 *Leases* on 1 July 2019, the company previously recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$2,099.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,025,656	1,104,569
Fee income	53,015	50,417
Commission income	71,308	65,006
	<u>1,149,979</u>	<u>1,219,992</u>

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

Accounting policy for 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, as follows:

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

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

Revenue calculation

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

Margin income

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

	Interest paid by customers on loans less interest paid to customers on deposits
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 generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

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.

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

Ability to change financial return

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 \$	2023 \$
Wages and salaries	549,973	428,157
Non-cash benefits	2,217	-
Superannuation contributions	62,341	49,243
Expenses related to long service leave	7,971	17,536
Other expenses	64,178	33,778
	<u>686,680</u>	<u>528,714</u>

Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	22,494	12,244
Plant and equipment	7,632	1,026
	<u>30,126</u>	<u>13,270</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	60,292	64,825
Investment property	14,602	14,833
	<u>74,894</u>	<u>79,658</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,196	2,195
Franchise renewal fee	10,977	10,978
Rights to revenue share	12,683	12,683
	<u>25,856</u>	<u>25,856</u>
	<u>130,876</u>	<u>118,784</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Finance costs

	2024 \$	2023 \$
Lease interest expense	37,630	16,800
Unwinding of make-good provision	64	72
Other	-	197
	<u>37,694</u>	<u>17,069</u>

Charitable donations, sponsorships and grants expense

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	217,938	67,680
Contribution to the Community Enterprise Foundation™	-	315,789
	<u>217,938</u>	<u>383,469</u>

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

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

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

Note 9. Income tax

	2024 \$	2023 \$
<i>Income tax expense/(benefit)</i>		
Current tax	-	26,991
Movement in deferred tax	(10,589)	(10,753)
Future income tax benefit attributable to losses	(4,534)	-
Deferred tax on capital loss not recognised	-	8,452
Under/over adjustment	(2,490)	-
Aggregate income tax expense/(benefit)	<u>(17,613)</u>	<u>24,690</u>
<i>Prima facie income tax reconciliation</i>		
Profit/(loss) before income tax (expense)/benefit	<u>(78,301)</u>	<u>45,401</u>
Tax at the statutory tax rate of 25%	(19,575)	11,350
Tax effect of:		
Non-deductible expenses	4,452	4,888
Deferred tax on capital loss not recognised	-	8,452
Under/over adjustment	(2,490)	-
Income tax expense/(benefit)	<u>(17,613)</u>	<u>24,690</u>

Notes to the financial statements (continued)

Note 9. Income tax (continued)

	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward tax losses	17,777	10,753
Property, plant and equipment	(14,412)	(21,077)
Employee benefits	3,134	2,025
Lease liabilities	151,247	90,938
Provision for lease make good	355	420
Accrued expenses	(551)	(26)
Right-of-use assets	(142,200)	(85,296)
	<u>15,350</u>	<u>(2,263)</u>
	2024	2023
	\$	\$
Income tax refund due	<u>-</u>	<u>28,106</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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.

Note 10. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	216,932	532,143
Sandhurst Select 90 Fund	24,909	418,355
	<u>241,841</u>	<u>950,498</u>

Note 11. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	86,319	81,901
Accrued income	2,203	100
Prepayments	5,176	4,201
	<u>7,379</u>	<u>4,301</u>
	<u>93,698</u>	<u>86,202</u>

Notes to the financial statements (continued)

Note 11. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. 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.

Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	492,766	24,953

Note 13. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	236,691	231,178
Less: Accumulated depreciation	(66,212)	(43,718)
	<u>170,479</u>	<u>187,460</u>
Plant and equipment - at cost	53,875	53,875
Less: Accumulated depreciation	(29,848)	(22,216)
	<u>24,027</u>	<u>31,659</u>
	<u>194,506</u>	<u>219,119</u>

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	48,323	7,378	55,701
Additions	183,953	26,168	210,121
Disposals	(32,572)	(861)	(33,433)
Depreciation	(12,244)	(1,026)	(13,270)
Balance at 30 June 2023	187,460	31,659	219,119
Additions	5,513	-	5,513
Depreciation	(22,494)	(7,632)	(30,126)
Balance at 30 June 2024	<u>170,479</u>	<u>24,027</u>	<u>194,506</u>

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Leasehold improvements	5 to 10 years
Plant and equipment	1 to 40 years

Notes to the financial statements (continued)

Note 13. Property, plant and equipment (continued)

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

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

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

Note 14. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	888,441	577,191
Less: Accumulated depreciation	<u>(367,817)</u>	<u>(307,525)</u>
	<u>520,624</u>	<u>269,666</u>

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

	Land and buildings \$
Balance at 1 July 2022	295,259
Remeasurement adjustments	39,232
Depreciation expense	<u>(64,825)</u>
Balance at 30 June 2023	269,666
Remeasurement adjustments	311,250
Depreciation expense	<u>(60,292)</u>
Balance at 30 June 2024	<u>520,624</u>

Remeasurement

During the 2024 financial year, the company determined that as a result of the significant refurbishment performed on the current branch premises during 2023, it was now reasonably certain to exercise all options contained within the lease agreement. Resultingly, the term of the lease used in the calculation of the right-of-use asset was extended during the 2024 financial year.

Accounting policy for right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 18 for more information on lease arrangements.

Notes to the financial statements (continued)

Note 15. Investment properties

	2024 \$	2023 \$
Investment property - sublease - at cost	77,610	86,350
Less: Accumulated depreciation	<u>(29,434)</u>	<u>(14,832)</u>
	<u>48,176</u>	<u>71,518</u>

Reconciliation

Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening balance	71,518	80,460
Remeasurement adjustments	(8,740)	5,891
Depreciation expense	<u>(14,602)</u>	<u>(14,833)</u>
Closing amount	<u>48,176</u>	<u>71,518</u>

The investment property is an operating sublease which is for a period of 5 years commencing June 2022.

Accounting policy for investment properties - sublease

The company subleases some of its property. The company initially measures the head lease in accordance with the accounting policies in note 18 'Lease liabilities' and note 14 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 16. Intangible assets

	2024 \$	2023 \$
Rights to revenue share	63,415	63,415
Less: Accumulated amortisation	<u>(63,415)</u>	<u>(50,732)</u>
	<u>-</u>	<u>12,683</u>
Franchise fee	32,169	32,169
Less: Accumulated amortisation	<u>(25,949)</u>	<u>(23,753)</u>
	<u>6,220</u>	<u>8,416</u>
Franchise renewal fee	110,848	110,848
Less: Accumulated amortisation	<u>(79,745)</u>	<u>(68,768)</u>
	<u>31,103</u>	<u>42,080</u>
	<u>37,323</u>	<u>63,179</u>

Notes to the financial statements (continued)

Note 16. Intangible assets (continued)

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

	Rights to revenue share \$	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	25,366	10,611	53,058	89,035
Amortisation expense	(12,683)	(2,195)	(10,978)	(25,856)
Balance at 30 June 2023	12,683	8,416	42,080	63,179
Amortisation expense	(12,683)	(2,196)	(10,977)	(25,856)
Balance at 30 June 2024	-	6,220	31,103	37,323

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise. The company has also acquired a customer list from Bendigo Bank.

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 and rights to revenue share acquired are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset class	Method	Useful life	Expiry/renewal date
Rights to revenue share	Straight-line	5 years	June 2024
Franchise fee	Straight-line	Over the franchise term (5 years)	May 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	May 2027

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

Change in estimates

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

Note 17. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Other payables and accruals	67,362	237,035
<i>Non-current liabilities</i>		
Other payables and accruals	14,631	29,263
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	81,993	266,298
less other payables and accruals - net GST (payable to)/refundable from the ATO	(17,076)	34,922
	64,917	301,220

Notes to the financial statements (continued)

Note 18. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>96,091</u>	<u>85,051</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>508,897</u>	<u>278,700</u>
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	363,751	395,442
Remeasurement adjustments	302,599	45,121
Lease interest expense	37,630	16,800
Lease payments - total cash outflow	<u>(98,992)</u>	<u>(93,612)</u>
	<u>604,988</u>	<u>363,751</u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Barwon Heads Branch	7.5%	7 years	3 x 5 years	Yes - 1 x 5 years	June 2032

Note 19. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	<u>11,007</u>	<u>6,096</u>
<i>Non-current liabilities</i>		
Long service leave	<u>1,528</u>	<u>2,003</u>

Notes to the financial statements (continued)

Note 19. Employee benefits (continued)

Accounting policy for short-term employee benefits

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Note 20. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	817,464	817,464	817,464	817,464
Less: Equity raising costs	-	-	(27,973)	(27,973)
	<u>817,464</u>	<u>817,464</u>	<u>789,491</u>	<u>789,491</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

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 241. As at the date of this report, the company had 268 shareholders (2023: 269 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 21. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Notes to the financial statements (continued)

Note 22. Dividends

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

	2024 \$	2023 \$
Fully franked dividend of 8.21 cents per share (2023: 7 cents)	<u>67,113</u>	<u>57,222</u>

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	189,710	162,311
Franking credits (debits) arising from income taxes paid (refunded)	(28,106)	46,473
Franking debits from the payment of franked distributions	<u>(22,371)</u>	<u>(19,074)</u>
	<u>139,233</u>	<u>189,710</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	139,233	189,710
Franking credits (debits) that will arise from payment (refund) of income tax	-	(28,106)
Franking credits available for future reporting periods	<u>139,233</u>	<u>161,604</u>

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

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 23. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

Further details regarding the categories of financial instruments held by the company that hold such exposure are detailed below.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

	2024	2023
	\$	\$
Financial assets at amortised cost		
Trade and other receivables	88,522	82,001
Cash and cash equivalents (note 10)	241,841	950,498
Investments (note 12)	492,766	24,953
	<u>823,129</u>	<u>1,057,452</u>
Financial liabilities		
Trade and other payables (note 17)	64,917	301,220
Lease liabilities (note 18)	604,988	363,751
	<u>669,905</u>	<u>664,971</u>

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets into the following categories:

- Amortised cost

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

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.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$241,841 and term deposits of \$492,766 at 30 June 2024 (2023: \$950,498 and \$24,953).

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

Equity Price risk

The company is not exposed to any significant price risk.

Liquidity risk

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

The following are the company's remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	50,286	14,631	-	64,917
Lease liabilities	99,322	397,290	297,967	794,579
Total non-derivatives	149,608	411,921	297,967	859,496
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	271,957	29,263	-	301,220
Lease liabilities	99,322	297,967	-	397,289
Total non-derivatives	371,279	327,230	-	698,509

Note 24. Key management personnel disclosures

The following persons were directors of Barwon Heads Community Enterprise Limited during the financial year and/or up to the date of signing of these Financial Statements

Damien Patrick O'Malley
Pamela Jean Morrison
David Ian Patrick
Lisa Nicole Hind
Christine Mary McDonald
Nicola O'Reilly
Ethan Wright
Dylan Mulgrew
Tim Crowley

Matthew James Morey
Nishantha Lakshman Paranavitana
Phoebe Gillian Chirnside
Anthony James Gurry
Alexander Gordon Scott Gemmell
Martin Clarke Sinnett
Lauren Rosamond O'Loughlin
Jessie Louise Christiaans

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

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

Note 25. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Notes to the financial statements (continued)

Note 25. Related party transactions (continued)

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
During the period the company paid a sponsorship to Barwon Heads Grove Golf Club, of which a director's husband is the president and director is a member. The total benefit received was:	60,000	-
During the period the company paid a sponsorship to Ocean Grove Surf Life Saving Club, of which a director is member. The total benefit received was:	2,273	-
During the period the company paid a sponsorship to Barwon Heads Football & Netball Club, of which a director is member. The total benefit received was:	27,264	-
During the period the company paid a sponsorship to Barwon Heads Cricket Club, of which a director's family member is president. The total benefit received was:	13,000	-

Note 26. Remuneration of auditors

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

	2024 \$	2023 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,450	5,400
Taxation advice and tax compliance services	1,513	750
General advisory services	5,870	5,305
Share registry services	4,860	4,131
	<u>12,243</u>	<u>10,186</u>
	<u>18,693</u>	<u>15,586</u>

Notes to the financial statements (continued)

Note 27. Reconciliation of profit/(loss) after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit/(loss) after income tax (expense)/benefit for the year	(60,688)	20,711
Adjustments for:		
Depreciation and amortisation	130,876	118,783
Net loss on disposal of non-current assets	-	13,534
Lease liabilities interest	37,630	16,801
Change in operating assets and liabilities:		
Increase in trade and other receivables	(7,496)	(25,378)
Decrease/(increase) in income tax refund due	28,106	(28,106)
Decrease/(increase) in deferred tax assets	(15,350)	22,427
Increase/(decrease) in trade and other payables	57,827	(38,099)
Decrease in provision for income tax	-	(18,367)
Increase/(decrease) in deferred tax liabilities	(2,263)	2,263
Increase in employee benefits	4,436	1,773
Increase/(decrease) in other provisions	(267)	72
Net cash provided by operating activities	<u>172,811</u>	<u>86,414</u>

Note 28. Earnings per share

	2024 \$	2023 \$
Profit/(loss) after income tax	<u>(60,688)</u>	<u>20,711</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>817,452</u>	<u>817,464</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>817,452</u>	<u>817,464</u>
	Cents	Cents
Basic earnings per share	(7.42)	2.53
Diluted earnings per share	(7.42)	2.53

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Barwon Heads Community Enterprise Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors' declaration

30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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

On behalf of the directors



Damien Patrick O'Malley
Chair

27 September 2024

Independent audit report



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

Independent auditor's report to the Directors of Barwon Heads Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Barwon Heads Community Enterprise Limited (the company), which comprises:

- Statement of financial position as at 30 June 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

In our opinion, the accompanying financial report of Barwon Heads Community Enterprise 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 2024 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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



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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. 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.



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

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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2024

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

Joshua Griffin
Lead Auditor

Community Bank · Barwon Heads
70 Hitchcock Avenue, Barwon Heads VIC 3227
Phone: 03 5254 1700 Fax: 03 5254 1301
Email: barwonheadsmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/barwon-heads

Franchisee: Barwon Heads Community Enterprise Limited
ABN: 68 149 465 396
PO Box 1147, Barwon Heads VIC 3227
Phone: 03 5254 1700 Fax: 03 5254 1301

 /BarwonHeadsCommunityBankBranch

 /bendigocb_barwon_heads

