Annual Report 2024

Fassifern Valley Community Enterprises Ltd

Community Bank
Kalbar & District

ABN 38 138 533 810

Contents

Chairman's report

For year ending 30 June 2024

As 2024 recedes at what seems sometimes to be a rapid pace, I am pleased to welcome shareholders and families to our AGM, where we are pleased to recount the continuing successes of your Community Bank Kalbar and District over the last reporting period.

The fact that the Fassifern Valley and Scenic Rim have become a favoured destination for those seeking quality lifestyle opportunities has become very obvious with many new houses and businesses appearing in the area. Major housing developments are projected for most regional centres like Boonah, Kalbar, Aratula, and Harrisville. These areas are close enough to needed facilities to make them desirable locations to live and work.

Your Community Bank Kalbar and District is favourably placed to be "lender of choice" for those seeking finance. We once again feel we have reached this position by being "close not closed" which is a situation that confronts many potential customers who wish to pursue personal service in their financial dealings.

We are proud of our staff who live locally and present the friendly and efficient face of our Community Bank Kalbar and District.

At a time when most banks are withdrawing from personal service towards an arms-length attitude to their customers, we are continuing and encouraging person to person interaction as much as possible.

Elise continues her excellent work of leading the team of Clint (part time) Brooke, Amy, Jodie, Joanne, Annabel, and Jasmin. Matt Cullen continues to service customers seeking business loans over $200,000 in his role as Senior Business Relations Manager.

I am pleased to note that Community Bank Kalbar and District footings (a combination of loans and savings) have again increased. Manager Elise's report indicates an increase of $16.7 million for the year across our business segments.

The strong Community Bank Kalbar and District performance has allowed us to donate $48,000 back to many useful projects in our district this year. A very impressive $405,000 has been donated since our inception 14 years ago.

Our Board that oversees the many facets of the performance of Community Bank Kalbar and District works very successfully and cohesively. With a spread of abilities, we combine to encourage and promote the efforts of the staff.

Minute Secretary Heather Wehl appears to make light work of her role and clearly and effectively records and present the Board Minutes. Mike Weekes makes sure the regulatory responsibilities, of which there are many, are attended to capably and efficiently in his role as Company Secretary. Paul Fitzgerald continues his Treasurer role and capably presents the financial affairs of the company.

Paul Cornwell represented Community Bank Kalbar and District at the Annual State Conference in Brisbane and reported on a useful networking occasion where he gained further understanding into our company's activities.

I would like to mention the efforts of Murray Roberts, who recently retired from the Board after a number of years. Murray lived locally and was always available when needed.

The Board has seen fit to present an 8% dividend to our Shareholders which is a very pleasing result and an indication that we must be doing something right. I feel Shareholders and residents can confidently expect further pleasing results from the team as people increasingly consider us as their "bank of choice" whether it be for lifestyle or business opportunities.

Best wishes to all in their endeavours for the year.

David Roderick
Chairman

Manager's report

For year ending 30 June 2024

It is once again my pleasure to submit the Branch Managers report for Community Bank Kalbar & District for year ending 30 June 2024.

As we unpack another year, I am confident that we have once again offered value and support by delivering exceptional banking and services, prioritising the experiences of our customers and our people through the offerings of a bank with purpose.

As the financial landscape readjusted once again, we embarked on a journey balancing inflation and the added cost of living pressures. This had an impact on our customers and has changed how people are managing their money, with more engaged with their finances than previously. Many are maintaining a budget and cutting back on spending to focus on the things that matter to them most. This tightening economy has made us more focused than ever on the impact that a community bank can have in strengthening a community such as ours. We thank those who have put trust in us to assist with navigating your financial wellbeing.

As our vibrant community flourishes, we have fortunately been the recipient of significant growth in new customer numbers, as we proudly welcomed 215 new customers to our branch over the last 12 months. Our new to bank customers along with our strong existing customer base have contributed to another successful and profitable year, which I am excited to confirm has seen our branch footings grow by $16.7m across all our business segments. Consistent performance derived from our committed and accommodating staff, has allowed us to conclude the year with growth in both our deposit and lending book. A notable result in what is still a very competitive and challenging market. This is also thanks to our colleagues and teams who we partner with throughout the extended Bendigo Bank team.

	June 2024	June 2023	YTD Growth
Deposits	$66,633,930	$52,025,699	+ $14,608,231
Loans	$54,732,477	$52,625,989	+$2,106,488
Other Business	$6,899,848	$6,899,848	+ $3,064,177
Closing Footings	$128,266,255	$111,551,536	+ $16,714,719
Customer Numbers	1,927	1,712	+215

While many of our counterparts are moving to online services and reducing their presence, we continue to offer a full personalised in branch banking service. This enables us to connect more regularly to educate and protect our customers especially from the relentless scam and fraud epidemics that are occurring.

Community and customers will always be at the heart of what we do, as we seek to continually enhance the customer experience. Please remember our future success is reliant on the sharing of our story to a new market with the aim to provide awareness of our financial offerings and quality service. Impressively, Community Bank Kalbar & District contributed over $48,000 back through our community partners this financial year, which adds to a very satisfying total contribution figure of $405k back to our community since our origin.

As we navigate new paths of discovery within the business, it's important to uphold the right behaviours and skills critical to maintaining focus and long-term viability of the business. I believe having an established team with a shared vision has been pivotal in our success. I thank each of our staff members for their considerable contributions.

Branch Manager	Elise Payne
Customer Relationship Manager	Brooke Clark
Branch Development Manager	Clint Stephens (Part time)
Customer Relationship Officer	Joanne Kirkman
Customer Relationship Officer	Annabel Rose
Customer Service Officer	Jodie Vermeer
Customer Service Officer	Amy Muller
Customer Service Officer	Jasmin Kimber

Team Kalbar will continue to maintain a business-as-usual mindset at the highest standard, as we build on our achievements and continue to develop and reimagine our impact with future opportunities. We are determined to uphold our accountability to balance profit with purpose, showcasing a bright and sustainable banking future for our district.

Thank you to each of the Board of Directors that sit behind our customer facing team. The dedication and generosity of your time is applauded, and the genuine interest, contribution, guidance and support provided is sincerely appreciated.

To our shareholders and customers, thank you for your ongoing loyalty. It is because of you the branch continues to grow and deliver positive outcomes for our community. Please continue to support us by advocating with your family and friend networks in delivering what our point of difference is. We all stand to benefit from the more people that choose to do their banking with us at Community Bank Kalbar & District. Collectively we should all be very proud of what we are achieving. As this is Your Town. Your Bank.

Thank you!

Elise Payne
Branch Manager

Directors' report

For the financial year ended 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:

David John Roderick

Title:	Non-executive director
Experience and expertise:	David is a Dairy Farmer. David has worked at his family dairy farm in Harrisville for 45 years. He has been chair of a dairy group for 10 years and involved with the Lions group for 33 years, church admin for 35 years, the Kalbar Community Bank for 8 years, plus many other various local committees over the past 40 years.
Special responsibilities:	Chairman, Marketing Committee

Michael Graham Rashford

Title:	Non-executive director
Experience and expertise:	Michael is a retired Public Servant and a retired resident of Munbilla. He has had a successful career as a taxation officer for 19 years, followed then by post office owner for 19 years also. Michael has been involved with Lions Club Int for 28 years.
Special responsibilities:	Company Treasurer, Audit & Risk Committee, Marketing Committee

Michael Lloyd Weekes

Title:	Non-executive director
Experience and expertise:	Owned and operated farms for 39 years. Since moving to the Fassifern district has invested in properties for grazing and small crop production. Has served on a number of boards of community based organisations.
Special responsibilities:	Company Secretary

Wilson Beresford Neuendorf

Title:	Non-executive director
Experience and expertise:	Wilson has been a successful farmer in the district all his life and a Director of the family owned Neuendorf Farms until his retirement. Previously a Boonah Shire Councillor for 8 years, Wilson is currently Chair of the Boonah Arts Festival and the Templin Historical Village and the secretary at Kalbar Baptist church.
Special responsibilities:	Marketing Committee, Human Resources Committee

Directors (continued)

Heather Elizabeth McInnes

Title:	Non-executive director
Experience and expertise:	Heather has been an accountant for more than 20 years and has an accounting & financial planning practice with her business partner. She holds a Bachelor of Business (Accounting), Diploma of Financial Planning and is a member of CPA Australia and AIOFP. Heather has grown up in the Fassifern Valley and enjoys community involvement in various organisations in her spare time.
Special responsibilities:	Finance Committee

Heather Helene Wehl

Title:	Non-executive director
Experience and expertise:	Heather is retired. Heather has a long experience in farming and small business. She has lived in the Bremer Valley for 38 years where she ran a mixed farming enterprise while running various small businesses concurrently, including food, fashion and spare parts retailing. Prior to retirement she served for 12 years as a local government Councillor and currently serves on a number of community committees.
Special responsibilities:	Marketing Committee, Human Resources Committee

Paul Damien FitzGerald

Title:	Non-executive director
Experience and expertise:	Retired public servant. Worked for Queensland rail for 34 years including as an industrial chemist for 15 years in the Scientific Services Unit based at Ipswich workshops and then for 19 years in various corporate environmental roles at head office in Brisbane. Paul holds a degree in Applied Chemistry and is a member of Harrisville Lions Club.
Special responsibilities:	Chair - Audit, Risk Management and Policy Committee

Paul Anthony Cornwell

Title:	Non-executive director
Experience and expertise:	Paul has over 30 years experience in the business, marketing and communications industries. Managing Director of multi-national communications agencies in Brisbane, Sydney and Hong Kong. Senior Positions with Clemenger, The Campaign Palace, Mojo & McCann-Erikson. Co-owner and Director of BCM Group Australia. Extensive industry category experience in financial services (Suncorp, Heritage Bank, Sunsuper, Energy Super), FMCG, (Golden Circle, Capilano, Sunny Queen Farms, Bundaberg Brewed Drinks), Tertiary Education (QUT), Technology (Apple Computer), Government (Federal & State) communications. Was Past Chairman for Advertising Federation of Australia.
Special responsibilities:	Nil

Robert Paul Quodling

Title:	Non-executive director
Experience and expertise:	Experienced Business Analyst in Government and private sector. Member of Harrisville Lions Club. Committee of Harrisville School of Arts.
Special responsibilities:	Nil

Directors (continued)

Murray Richard Roberts

Title:	Non-executive director (resigned 4 March 2024)
Experience and expertise:	Retired Accountant, Fellow of Institute of Public Accountants (retd). Director of Bizcom Services Qld P/l dealing in computerised accounting programs for 30 years. Founding Treasurer and Committee Member of the Fassifern Community Men's Shed Inc.
Special responsibilities:	Nil

Company secretary

The company secretary is Michael Weekes. Michael was appointed to the position of company secretary on 3 June 2017.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to $221,136 (30 June 2023: $281,383).

Operations have continued to perform in line with expectations.

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 cents per share (2023: 8 cents)	51,321

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 directors meetings attended by each of the directors of the company during the financial year were:

	Board	
	Eligible	Attended
David John Roderick	11	10
Michael Graham Rashford	11	10
Michael Lloyd Weekes	11	11
Wilson Beresford Neuendorf	11	11
Heather Elizabeth McInnes	11	10
Heather Helene Wehl	11	10
Paul Damien FitzGerald	11	8
Murray Richard Roberts	8	8
Paul Anthony Cornwell	11	9
Robert Paul Quodling	11	10

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
David John Roderick	20,001	-	20,001
Michael Graham Rashford	2,000	-	2,000
Michael Lloyd Weekes	1,000	-	1,000
Wilson Beresford Neuendorf	1,000	-	1,000
Heather Elizabeth McInnes	2,000	-	2,000
Heather Helene Wehl	12,000	-	12,000
Paul Damien FitzGerald	1,000	-	1,000
Murray Richard Roberts	-	-	-
Paul Anthony Cornwell	-	1,000	1,000
Robert Paul Quodling	5,000	-	5,000

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.

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

David John Roderick
Chair

4 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 Fassifern Valley Community Enterprises Limited

As lead auditor for the audit of Fassifern Valley Community Enterprises 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 August 2024

Adrian Downing
Lead Auditor

Financial statements

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	1,094,888	1,164,553
Other revenue		-	10,000
Finance revenue		50,307	19,776
Total revenue		**1,145,195**	**1,194,329**
Employee benefits expense	8	(627,362)	(612,438)
Advertising and marketing costs		(1,688)	(2,246)
Occupancy and associated costs		(19,589)	(15,908)
System costs		(19,343)	(18,963)
Depreciation and amortisation expense	8	(51,285)	(53,034)
Finance costs	8	(15,580)	(16,710)
General administration expenses		(69,996)	(72,074)
Total expenses before community contributions and income tax expense		**(804,843)**	**(791,373)**
Profit before community contributions and income tax expense	8	340,352	402,956
Charitable donations and sponsorships expense		(47,112)	(27,778)
Profit before income tax expense		**293,240**	**375,178**
Income tax expense	9	(72,104)	(93,795)
Profit after income tax expense for the year		**221,136**	**281,383**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**221,136**	**281,383**
		Cents	**Cents**
Basic earnings per share	28	34.47	43.86
Diluted earnings per share	28	34.47	43.86

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

Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	1,290,780	900,996
Trade and other receivables	11	104,758	95,450
Investments	12	-	318,480
Current tax assets	9	6,850	-
Total current assets		**1,402,388**	**1,314,926**
Non-current assets			
Property, plant and equipment	13	79,479	77,357
Right-of-use assets	14	264,659	288,004
Intangible assets	15	8,531	21,599
Deferred tax assets	9	27,623	27,493
Total non-current assets		**380,292**	**414,453**
Total assets		**1,782,680**	**1,729,379**
Liabilities			
Current liabilities			
Trade and other payables	16	99,278	128,323
Lease liabilities	17	32,337	17,394
Current tax liabilities	9	-	74,354
Employee benefits	18	47,989	42,937
Total current liabilities		**179,604**	**263,008**
Non-current liabilities			
Lease liabilities	17	267,248	297,005
Employee benefits	18	17,467	22,227
Provisions	19	25,050	23,643
Total non-current liabilities		**309,765**	**342,875**
Total liabilities		**489,369**	**605,883**
Net assets		**1,293,311**	**1,123,496**
Equity			
Issued capital	20	611,271	611,271
Retained earnings		682,040	512,225
Total equity		**1,293,311**	**1,123,496**

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

Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital $	Retained earnings/ Accumulated losses $	Total equity $
Balance at 1 July 2022		**611,271**	**282,163**	**893,434**
Profit after income tax expense		-	281,383	281,383
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**281,383**	**281,383**
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(51,321)	(51,321)
Balance at 30 June 2023		**611,271**	**512,225**	**1,123,496**
Balance at 1 July 2023		**611,271**	**512,225**	**1,123,496**
Profit after income tax expense		-	221,136	221,136
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**221,136**	**221,136**
Transactions with owners in their capacity as owners:				
Dividends provided for	22	-	(51,321)	(51,321)
Balance at 30 June 2024		**611,271**	**682,040**	**1,293,311**

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

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)		1,194,929	1,289,898
Payments to suppliers and employees (inclusive of GST)		(908,446)	(842,473)
Interest received		48,946	7,503
Interest and other finance costs paid		(19)	(137)
Income taxes paid		(153,438)	(20,756)
Net cash provided by operating activities	**27**	**181,972**	**434,035**
Cash flows from investing activities			
Redemption of/(investment in) term deposits		318,480	307,819
Payments for property, plant and equipment		(13,815)	-
Payments for intangible assets		(13,453)	(13,453)
Net cash provided by investing activities		**291,212**	**294,366**
Cash flows from financing activities			
Interest and other finance costs paid		(14,413)	(15,469)
Dividends paid	22	(51,321)	(51,321)
Repayment of lease liabilities		(17,666)	(15,676)
Net cash used in financing activities		**(83,400)**	**(82,466)**
Net increase in cash and cash equivalents		389,784	645,935
Cash and cash equivalents at the beginning of the financial year		900,996	255,061
Cash and cash equivalents at the end of the financial year	**10**	**1,290,780**	**900,996**

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

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 3/103 George Street, Kalbar QLD 4309.

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 4 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:

ASB 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.

Note 3. Material accounting policy information (continued)

Current and non-current classification

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

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.

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 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.

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.

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

Employee benefits provision

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

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

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

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 March 2025.

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

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

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

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

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

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

Note 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 comparatives 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 $318,480 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 $1,109.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	904,840	994,599
Fee income	65,239	59,543
Commission income	124,809	110,411
	1,094,888	**1,164,553**

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:

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

Note 7. Revenue from contracts with customers (continued)

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

Revenue calculation

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

Margin income

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

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

plus: any deposit returns i.e. interest return applied by Bendigo Bank for a deposit

minus: any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission income

Commission income is 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.

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	513,588	491,016
Non-cash benefits	-	22,170
Superannuation contributions	57,614	51,783
Expenses related to long service leave	16,633	10,107
Other expenses	39,527	37,362
	627,362	**612,438**

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	8,800	7,297
Plant and equipment	2,893	5,398
	11,693	**12,695**
Depreciation of right-of-use assets		
Leased land and buildings	**26,524**	**26,183**
Amortisation of intangible assets		
Franchise fee	2,178	2,359
Franchise renewal fee	10,890	11,797
	13,068	**14,156**
	51,285	**53,034**

Finance costs

	2024 $	2023 $
Lease interest expense	14,413	15,469
Unwinding of make-good provision	1,148	1,103
Other	19	138
	15,580	**16,710**

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

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	**6,158**	**7,045**

Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	**47,112**	**27,778**

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).

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	73,440	102,203
Movement in deferred tax	(130)	(8,408)
Under/over adjustment	(1,206)	-
Aggregate income tax expense	**72,104**	**93,795**
Prima facie income tax reconciliation		
Profit before income tax expense	**293,240**	**375,178**
Tax at the statutory tax rate of 25%	73,310	93,795
Under/over adjustment	(1,206)	-
Income tax expense	**72,104**	**93,795**

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(1,202)	70
Employee benefits	16,364	16,305
Provision for lease make good	6,262	5,911
Accrued expenses	877	1,676
Income accruals	(3,409)	(3,068)
Lease liabilities	74,896	78,600
Right-of-use assets	(66,165)	(72,001)
Deferred tax asset	**27,623**	**27,493**

	2024 $	2023 $
Income tax refund due	**6,850**	**-**

	2024 $	2023 $
Provision for income tax	**-**	**74,354**

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	**1,290,780**	**900,996**

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	**82,068**	**72,620**
Other receivables and accruals	13,634	12,273
Prepayments	9,056	10,557
	22,690	**22,830**
	104,758	**95,450**

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 $
Current assets		
Term deposits	**-**	**318,480**

Note 13. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	165,835	152,020
Less: Accumulated depreciation	(98,527)	(89,727)
	67,308	**62,293**
Plant and equipment - at cost	92,555	92,555
Less: Accumulated depreciation	(80,384)	(77,491)
	12,171	**15,064**
	79,479	**77,357**

Note 13. Property, plant and equipment (continued)

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	69,590	20,462	90,052
Depreciation	(7,297)	(5,398)	(12,695)
Balance at 30 June 2023	**62,293**	**15,064**	**77,357**
Additions	13,815	-	13,815
Depreciation	(8,800)	(2,893)	(11,693)
Balance at 30 June 2024	**67,308**	**12,171**	**79,479**

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	15 years
Plant and equipment	5 to 40 years
Motor vehicles	5 years

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

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

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

Note 14. Right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	393,497	390,319
Less: Accumulated depreciation	(128,838)	(102,315)
	264,659	**288,004**

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	314,187
Depreciation expense	(26,183)
Balance at 30 June 2023	**288,004**
Remeasurement adjustments	3,179
Depreciation expense	(26,524)
Balance at 30 June 2024	**264,659**

Note 14. Right-of-use assets (continued)

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 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 $	2023 $
Franchise fee	32,233	32,233
Less: Accumulated amortisation	(30,811)	(28,633)
	1,422	**3,600**
Franchise renewal fee	111,163	111,163
Less: Accumulated amortisation	(104,054)	(93,164)
	7,109	**17,999**
	8,531	**21,599**

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	5,959	29,796	35,755
Amortisation expense	(2,359)	(11,797)	(14,156)
Balance at 30 June 2023	**3,600**	**17,999**	**21,599**
Amortisation expense	(2,178)	(10,890)	(13,068)
Balance at 30 June 2024	**1,422**	**7,109**	**8,531**

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	March 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2025

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 16. Trade and other payables

	2024 $	2023 $
Current liabilities		
Other payables and accruals	**99,278**	**128,323**

	2024 $	2023 $
Financial liabilities of amortised cost classified as trade and other payables		
Total trade and other payables	99,278	128,323
less other payables and accruals (net GST payable to the ATO)	(20,173)	(22,641)
	79,105	**105,682**

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	**32,337**	**17,394**
Non-current liabilities		
Land and buildings lease liabilities	**267,248**	**297,005**

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	314,399	330,075
Remeasurement adjustments	2,856	-
Lease interest expense	14,413	15,469
Lease payments - total cash outflow	(32,079)	(31,145)
	299,589	**314,399**

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
Kalbar & District Branch	4.79%	5 years	2 x 5 years	Yes	July 2034

Note 18. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	25,928	36,766
Long service leave	15,890	-
Personal leave	6,171	6,171
	47,989	**42,937**
Non-current liabilities		
Long service leave	**17,467**	**22,227**

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 expected 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 19. Provisions

	2024 $	2023 $
Lease make good	**25,050**	**23,643**

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $40,000 for the Kalbar Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process.

Note 20. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	641,510	641,510	641,510	641,510
Less: Equity raising costs	-	-	(30,239)	(30,239)
	641,510	**641,510**	**611,271**	**611,271**

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.

Note 20. Issued capital (continued)

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 202. As at the date of this report, the company had 223 shareholders (2023: 223 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.

Note 22. Dividends

Dividends paid during the period

The following dividends were paid to shareholders during the reporting period as presented in the Statement of cash flows.

	2024 $	2023 $
Fully franked dividend of 8 cents per share (2023: 8 cents)	**51,321**	**51,321**

Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the Statement of changes in equity.

	2024 $	2023 $
Fully franked dividend of 8 cents per share (2023: 8 cents)	**51,321**	**51,321**

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	239,616	235,968
Franking credits (debits) arising from income taxes paid (refunded)	153,438	20,755
Franking debits from the payment of franked distributions	(17,107)	(17,107)
	375,947	**239,616**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	375,947	239,616
Franking credits (debits) that will arise from payment (refund) of income tax	(6,850)	74,354
Franking credits available for future reporting periods	**369,097**	**313,970**

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%.

Note 22. Dividends (continued)

Accounting policy for dividends

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

A liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the company, on or before the end of the financial year but not distributed at the reporting date.

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.

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 11)	95,702	84,893
Cash and cash equivalents (note 10)	1,290,780	900,996
	1,386,482	**985,889**
Financial liabilities		
Trade and other payables (note 16)	79,105	105,682
Lease liabilities (note 17)	299,585	314,399
	378,690	**420,081**

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.

Note 23. Financial risk management (continued)

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 then 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 $1,290,780 at 30 June 2024 (2023: $900,996 and term deposits of $318,480).

Price risk

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

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	99,278	-	-	99,278
Lease liabilities	32,337	142,367	203,344	378,048
Total non-derivatives	**131,615**	**142,367**	**203,344**	**477,326**

	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
2023				
Trade and other payables	128,323	-	-	128,323
Lease liabilities	32,077	138,224	240,535	410,836
Total non-derivatives	**160,400**	**138,224**	**240,535**	**539,159**

Note 24. Key management personnel disclosures

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

David John Roderick	Heather Helene Wehl
Michael Graham Rashford	Paul Damien FitzGerald
Michael Lloyd Weekes	Robert Paul Quodling
Wilson Beresford Neuendorf	Paul Anthony Cornwell
Heather Elizabeth McInnes	Murray Richard Roberts

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

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.

The following transactions occurred with related parties:

	2024 $	2023 $
A director of the company was remunerated for mowing of the branch car park	200	-
The company made a donation to Boonah Golf Club which is a related party of a director	500	-
The company made a donation to Kalbar Progress Association which is a related party of a director	2,500	-
The company made a donation to Harrisville & District Historical Society Inc which is a related party of a director	1,000	-
The company made a donation to Harrisville Lions Club which is a related party of a director	2,000	-

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

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 $
Audit services		
Audit or review of the financial statements	**6,650**	**5,400**
Other services		
Taxation advice and tax compliance services	700	660
General advisory services	3,270	3,860
Share registry services	4,421	4,467
	8,391	**8,987**
	15,041	**14,387**

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

	2024 $	2023 $
Profit after income tax expense for the year	221,136	281,383
Adjustments for:		
Depreciation and amortisation	51,285	53,034
Lease liabilities interest	14,413	15,469
Change in operating assets and liabilities:		
Increase in trade and other receivables	(9,308)	(20,224)
Decrease/(increase) in income tax refund due	(6,850)	7,093
Increase in deferred tax assets	(130)	(8,408)
Increase/(decrease) in trade and other payables	(15,661)	9,373
Increase/(decrease) in provision for income tax	(74,354)	74,354
Increase in employee benefits	292	20,858
Increase in other provisions	1,149	1,103
Net cash provided by operating activities	**181,972**	**434,035**

Note 28. Earnings per share

	2024 $	2023 $
Profit after income tax	**221,136**	**281,383**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	641,510	641,510
Weighted average number of ordinary shares used in calculating diluted earnings per share	**641,510**	**641,510**

	Cents	Cents
Basic earnings per share	34.47	43.86
Diluted earnings per share	34.47	43.86

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Fassifern Valley Community Enterprises 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

For the financial year ended 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

David John Roderick
Chair

4 September 2024

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

Independent auditor's report to the Directors of Fassifern Valley Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Fassifern Valley Community Enterprises 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 Fassifern Valley Community Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the company's financial position as at 30 June 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
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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.

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 August 2024

Adrian Downing
Lead Auditor

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Bendigo Bank