

Geographe Bay Community Enterprises Limited

ABN 40 146 993 982

Financial Report - 30 June 2024

Geographe Bay Community Enterprises Limited

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: Joshua Jonathon Hardy
Title: Non-executive director
Experience and expertise: Joshua is currently the Operations Manager for a mining technology company and a Business Advisor. Joshua has held leadership roles such as General Manager, Business Advisory Consultant, and Chairman of the Board, demonstrating his commitment to operational excellence and strategic leadership. Joshua's strengths lie in organisational leadership, strategic planning, project management, financial management, human resources, and business improvement. Joshua has a strong track record in change management, Strategic Thinking, and conflict management, with a focus on enhancing operational efficiencies and profitability through innovative approaches. Joshua is skilled in decision-making, communication, and fostering environments that promote respect and collective success.
Special responsibilities: Chair

Name: Warwick William Howard
Title: Non-executive director
Experience and expertise: The owner of a large food manufacturing business located in the Margaret River region. Previous experience includes the General Manager of a diverse state-wide WA business specialising in Labour Management, Accommodation and Commercial Maintenance for 7 years, and Senior Manager at BDO Chartered Accountants for 9 years.
Special responsibilities: Vice Chair, Treasurer

Name: David Markovich
Title: Non-executive director
Experience and expertise: David has practiced law in Western Australia and England, in private practice and in-house. David works with Lane Buck & Higgins in Busselton, Margaret River and Perth. David engages in litigation and commercial matters including employment, construction, business, criminal, property, insolvency, consumer law and occupational health and safety. David previously worked as a senior research economist in State and Federal governments.
Special responsibilities: Nil

Name: Josephine Charlotte Harrison-Ward
Title: Non-executive director (appointed 9 April 2024)
Experience and expertise: Over 25 years' experience in the WA public sector including 15 at executive levels including CEO of a large organisation reporting to a board. More than 10 years' experience as a Management Consultant advising and supporting public sector and not for profit organisations and boards on board governance, functional and structural review, strategic planning and risk management. Significant board experience over three decades. Currently Chair, Geo Bay Wildlife Rescue Inc.
Special responsibilities: Governance Committee

Company secretary

There have been two company secretaries holding the position during the financial year:

- Claire Michelle Hurst was appointed company secretary on 27 July 2022 and resigned on 9 April 2024
- Josephine Charlotte Harrison-Ward was appointed company secretary on 9 April 2024

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).

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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 \$170,590 (30 June 2023: \$491,773).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were declared.

	2024 \$	2023 \$
Unfranked dividend of 3 cents per share (2023: nil cents)	<u>56,568</u>	<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

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
Joshua Jonathon Hardy	10	9
Warwick William Howard	10	10
David Markovich	10	7
Josephine Charlotte Harrison-Ward	10	9

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 23 to the financial statements.

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Directors' report

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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
Joshua Jonathon Hardy	2,000	-	2,000
Warwick William Howard	3,000	-	3,000
David Markovich	-	-	-
Josephine Charlotte Harrison-Ward	-	-	-

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 24 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.

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Directors' report
30 June 2024

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


DocuSign (Oct 24, 2024 12:35 GMT+8)

Joshua Jonathon Hardy
Chair

24 October 2024



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 Geographe Bay Community Enterprises Limited

As lead auditor for the audit of Geographe Bay 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 October 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

Lachlan Tatt
Lead Auditor

Geographe Bay Community Enterprises 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	1,559,760	1,628,238
Other revenue		-	52,162
Total revenue		<u>1,559,760</u>	<u>1,680,400</u>
Employee benefits expense	8	(894,544)	(570,750)
Charitable donations, sponsorship, advertising and promotion		(35,005)	(49,886)
Occupancy and associated costs		(30,932)	(23,020)
System costs		(40,512)	(37,902)
Depreciation and amortisation expense		(146,916)	(127,130)
Finance costs	8	(8,902)	(26,131)
General administration expenses		(177,608)	(187,865)
Total expenses		<u>(1,334,419)</u>	<u>(1,022,684)</u>
Profit before income tax expense		225,341	657,716
Income tax expense	9	(54,751)	(165,943)
Profit after income tax expense for the year		170,590	491,773
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>170,590</u>	<u>491,773</u>
		Cents	Cents
Basic earnings per share	26	9.05	26.08
Diluted earnings per share	26	9.05	26.08

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

Geographe Bay Community Enterprises Limited
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	297,484	-
Trade and other receivables	11	159,626	153,610
Total current assets		<u>457,110</u>	<u>153,610</u>
Non-current assets			
Property, plant and equipment	12	42,866	72,027
Right-of-use assets	13	152,376	210,976
Intangible assets	14	59,071	87,459
Deferred tax assets	9	362,777	417,528
Total non-current assets		<u>617,090</u>	<u>787,990</u>
Total assets		<u>1,074,200</u>	<u>941,600</u>
Liabilities			
Current liabilities			
Trade and other payables	15	167,715	74,169
Borrowings		1,113	14,842
Lease liabilities	16	88,501	67,856
Employee benefits	17	38,183	12,684
Total current liabilities		<u>295,512</u>	<u>169,551</u>
Non-current liabilities			
Trade and other payables	15	30,654	61,308
Lease liabilities	16	84,912	165,700
Employee benefits	17	9,968	6,289
Provisions		10,587	10,207
Total non-current liabilities		<u>136,121</u>	<u>243,504</u>
Total liabilities		<u>431,633</u>	<u>413,055</u>
Net assets		<u>642,567</u>	<u>528,545</u>
Equity			
Issued capital	18	1,837,157	1,837,157
Accumulated losses		<u>(1,194,590)</u>	<u>(1,308,612)</u>
Total equity		<u>642,567</u>	<u>528,545</u>

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

Geographe Bay Community Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022		1,837,157	(1,800,385)	36,772
Profit after income tax benefit		-	491,773	491,773
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	491,773	491,773
Balance at 30 June 2023		<u>1,837,157</u>	<u>(1,308,612)</u>	<u>528,545</u>
Balance at 1 July 2023		1,837,157	(1,308,612)	528,545
Profit after income tax expense		-	170,590	170,590
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	170,590	170,590
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid		-	(56,568)	(56,568)
Balance at 30 June 2024		<u>1,837,157</u>	<u>(1,194,590)</u>	<u>642,567</u>

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

Geographe Bay Community Enterprises 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)		1,711,159	1,800,597
Payments to suppliers and employees (inclusive of GST)		(1,228,488)	(1,071,330)
Interest and other finance costs paid		(953)	(15,898)
		<u> </u>	<u> </u>
Net cash provided by operating activities	25	<u>481,718</u>	<u>713,369</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(281)	(3,012)
Payments for intangible assets		(27,867)	(55,735)
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(28,148)</u>	<u>(58,747)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(7,587)	(9,879)
Dividends paid	20	(44,820)	-
Repayment of lease liabilities		(89,930)	(67,447)
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(142,337)</u>	<u>(77,326)</u>
Net increase in cash and cash equivalents		311,233	577,296
Cash and cash equivalents at the beginning of the financial year		(13,749)	(591,045)
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	10	<u><u>297,484</u></u>	<u><u>(13,749)</u></u>

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

Geographe Bay Community Enterprises Limited

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Geographe Bay 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 50-54 Queen Street, Busselton WA.

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 24 October 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.

Geographe Bay Community Enterprises Limited

Notes to the financial statements

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Note 3. Material accounting policy information (continued)

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.

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.

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Notes to the financial statements

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

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.

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.

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 November 2026.

Geographe Bay Community Enterprises Limited
Notes to the financial statements
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Note 5. Economic dependency (continued)

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 the relevant Bendigo Bank entity 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

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 \$1,227.

Note 7. Revenue from contracts with customers

	2024	2023
	\$	\$
Margin income	1,411,096	1,501,354
Fee income	67,311	56,920
Commission income	81,353	69,964
	<u>1,559,760</u>	<u>1,628,238</u>

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2024

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 income 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.

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Notes to the financial statements
30 June 2024

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	764,545	478,706
Superannuation contributions	77,565	48,174
Expenses related to long service leave	3,537	(117)
Other expenses	48,897	43,987
	<u>894,544</u>	<u>570,750</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	27,411	22,907
Plant and equipment	2,015	1,984
Motor vehicles	16	694
	<u>29,442</u>	<u>25,585</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	56,819	54,285
Leased motor vehicles	32,267	21,006
	<u>89,086</u>	<u>75,291</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	4,686	4,375
Franchise renewal fee	23,702	21,879
	<u>28,388</u>	<u>26,254</u>
	<u>146,916</u>	<u>127,130</u>

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Note 9. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Movement in deferred tax	(7,617)	2,336
Under/over adjustment	(2,502)	-
Recoupment of prior year tax losses	64,870	163,607
	<u>54,751</u>	<u>165,943</u>
<i>Aggregate income tax expense</i>		
	<u>54,751</u>	<u>165,943</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	225,341	657,716
Tax at the statutory tax rate of 25%	56,335	164,429
Tax effect of:		
Non-deductible expenses	918	1,514
	<u>57,253</u>	<u>165,943</u>
Under/over adjustment	(2,502)	-
Income tax expense	<u>54,751</u>	<u>165,943</u>
	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	12,733	4,826
Provision for lease make good	2,647	2,552
Carried-forward tax losses	342,138	404,505
Lease liabilities	43,353	58,389
Right-of-use assets	(38,094)	(52,744)
Deferred tax asset	<u>362,777</u>	<u>417,528</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 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.

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Note 10. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	<u>297,484</u>	<u>-</u>

Reconciliation to cash and cash equivalents at the end of the financial year

The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above	297,484	-
Bank overdraft	<u>-</u>	<u>(13,749)</u>
Balance as per statement of cash flows	<u>297,484</u>	<u>(13,749)</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 11. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	<u>139,021</u>	<u>134,544</u>
Accrued income	210	210
Prepayments	<u>20,395</u>	<u>18,856</u>
	<u>20,605</u>	<u>19,066</u>
	<u>159,626</u>	<u>153,610</u>

Accounting policy for trade and other receivables

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

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Note 12. Property, plant and equipment

	2024	2023
	\$	\$
Leasehold improvements - at cost	284,464	305,417
Less: Accumulated depreciation	<u>(245,078)</u>	<u>(238,620)</u>
	<u>39,386</u>	<u>66,797</u>
Plant and equipment - at cost	29,237	28,956
Less: Accumulated depreciation	<u>(25,757)</u>	<u>(23,742)</u>
	<u>3,480</u>	<u>5,214</u>
Motor vehicles - at cost	41,820	3,995
Less: Accumulated depreciation	<u>(41,820)</u>	<u>(3,979)</u>
	<u>-</u>	<u>16</u>
	<u><u>42,866</u></u>	<u><u>72,027</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	87,524	6,366	710	94,600
Additions	2,180	832	-	3,012
Depreciation	<u>(22,907)</u>	<u>(1,984)</u>	<u>(694)</u>	<u>(25,585)</u>
Balance at 30 June 2023	66,797	5,214	16	72,027
Additions	-	281	-	281
Depreciation	<u>(27,411)</u>	<u>(2,015)</u>	<u>(16)</u>	<u>(29,442)</u>
Balance at 30 June 2024	<u><u>39,386</u></u>	<u><u>3,480</u></u>	<u><u>-</u></u>	<u><u>42,866</u></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 diminishing value and 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	1 to 8 years
Plant and equipment	2.5 to 5 years
Motor vehicles	5 to 8 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.

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Note 13. Right-of-use assets

	2024	2023
	\$	\$
Land and buildings - right-of-use	441,380	424,656
Less: Accumulated depreciation	<u>(300,159)</u>	<u>(243,221)</u>
	<u>141,221</u>	<u>181,435</u>
Motor vehicles - right-of-use	44,620	69,210
Less: Accumulated depreciation	<u>(33,465)</u>	<u>(39,669)</u>
	<u>11,155</u>	<u>29,541</u>
	<u><u>152,376</u></u>	<u><u>210,976</u></u>

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

	Land and buildings \$	Motor vehicle \$	Total \$
Balance at 1 July 2022	221,433	50,547	271,980
Remeasurement adjustments	14,287	-	14,287
Depreciation expense	<u>(54,285)</u>	<u>(21,006)</u>	<u>(75,291)</u>
Balance at 30 June 2023	181,435	29,541	210,976
Remeasurement adjustments	16,605	13,881	30,486
Depreciation expense	<u>(56,819)</u>	<u>(32,267)</u>	<u>(89,086)</u>
Balance at 30 June 2024	<u><u>141,221</u></u>	<u><u>11,155</u></u>	<u><u>152,376</u></u>

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 16 for more information on lease arrangements.

Note 14. Intangible assets

	2024	2023
	\$	\$
Franchise fee	62,997	62,997
Less: Accumulated amortisation	<u>(53,152)</u>	<u>(48,466)</u>
	<u>9,845</u>	<u>14,531</u>
Franchise renewal fee	221,314	221,314
Less: Accumulated amortisation	<u>(172,088)</u>	<u>(148,386)</u>
	<u>49,226</u>	<u>72,928</u>
	<u><u>59,071</u></u>	<u><u>87,459</u></u>

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Note 14. Intangible assets (continued)

Reconciliations of the 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	18,906	94,807	113,713
Amortisation expense	<u>(4,375)</u>	<u>(21,879)</u>	<u>(26,254)</u>
Balance at 30 June 2023	14,531	72,928	87,459
Amortisation expense	<u>(4,686)</u>	<u>(23,702)</u>	<u>(28,388)</u>
Balance at 30 June 2024	<u><u>9,845</u></u>	<u><u>49,226</u></u>	<u><u>59,071</u></u>

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2026

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

Note 15. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	6,950	4,340
Other payables and accruals	<u>160,765</u>	<u>69,829</u>
	<u><u>167,715</u></u>	<u><u>74,169</u></u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u><u>30,654</u></u>	<u><u>61,308</u></u>
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	198,369	135,477
less other payables and accruals (net GST payable to the ATO)	<u>(45,471)</u>	<u>(34,157)</u>
	<u><u>152,898</u></u>	<u><u>101,320</u></u>

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Note 16. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	61,395	56,032
Motor vehicle lease liabilities	27,106	11,824
	<u>88,501</u>	<u>67,856</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	84,912	138,633
Motor vehicle lease liabilities	-	27,067
	<u>84,912</u>	<u>165,700</u>
<i>Reconciliation of lease liabilities</i>		
	2024	2023
	\$	\$
Opening balance	233,556	286,717
Remeasurement adjustments	29,787	14,286
Lease interest expense	7,587	9,879
Lease payments - total cash outflow	(97,517)	(77,326)
	<u>173,413</u>	<u>233,556</u>

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Busselton Branch	3.54%	9 years	1 x 5 years	No	June 2026
Dunsborough Branch	3.50%	5 years	N/A	N/A	June 2028
Motor Vehicle (2021 Mitsubishi Triton)	4.35%	3 years	N/A	N/A	March 2025

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.

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Note 17. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	38,183	9,272
Long service leave	-	3,412
	<u>38,183</u>	<u>12,684</u>
<i>Non-current liabilities</i>		
Long service leave	<u>9,968</u>	<u>6,289</u>

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 18. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	1,585,609	1,585,609	1,585,609	1,585,609
Preference shares - fully paid	300,000	300,000	300,000	300,000
Less: Equity raising costs	-	-	(48,452)	(48,452)
	<u>1,885,609</u>	<u>1,885,609</u>	<u>1,837,157</u>	<u>1,837,157</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.

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Note 18. Issued capital (continued)

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*.

Preference shares

Voting rights

A preference share does not entitle the holder to vote on any resolutions proposed at a general meeting of the holders of ordinary shares in the capital of the company except in the following circumstances:

- (i) if at the time of the commencement of the meeting a dividend, or part of a dividend, on the preference shares is in arrears;
- (ii) on a proposal to reduce the company's share capital;
- (iii) on a resolution to approve the terms of a buy-back agreement;
- (iv) on a proposal that affects rights attaching to a preference share;
- (v) on a proposal to wind up the company;
- (vi) on a proposal for the disposal of the whole of the company's property, business and undertaking; or
- (vii) during the winding up of a company.

In respect to the 10% limit, the company constitution was amended following the successful completion of the debt for equity swap. The amendment states a person other than Bendigo & Adelaide Bank Limited must not have a prohibited shareholding interest. Bendigo & Adelaide Bank Limited own the 300,000 preference shares.

A preference share does entitle the holder to vote on any resolutions proposed at a meeting of preference shareholders only on the basis of one vote per preference share.

Dividends

A preference share has full dividend rights, identical to those of ordinary shares, and except on a winding up of the company such dividend rights will not be in priority to but will be equal to the rights of holders of ordinary shares.

Transfer

Preference shares are non-transferrable or saleable except with the prior written approval of the board and the holder must not sell or transfer interest in, or grants options over, the preference shares except with the prior written approval of the directors.

Rights on winding up

Upon winding up of the company, each preference share confers upon its holder the right to payment in cash, from any surplus assets or profits of the company, of the capital then paid up on that preference share, and any dividends or income due to it in connection with that preference share in priority to any other class of shares in the company, but otherwise has no right to participate in the surplus profits or assets of the company.

Prohibited shareholding interest

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

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Note 18. Issued capital (continued)

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 303. As at the date of this report, the company had 336 shareholders (2023: 336 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 19. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board 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.

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Note 20. Dividends

Dividends declared during the period

The following dividends were declared to shareholders during the financial year as presented in the Statement of changes in equity.

	2024 \$	2023 \$
Unfranked dividend of 3 cents per share (2023: nil cents)	56,568	-

Unfranked dividends of \$11,748 were still owing at 30 June 2024.

Accounting policy for dividends

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

Note 21. 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 minimal 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)	139,231	134,754
Cash and cash equivalents (note 10)	297,484	-
	<u>436,715</u>	<u>134,754</u>
Financial liabilities		
Trade and other payables (note 15)	152,898	101,320
Lease liabilities (note 16)	173,413	233,556
Bank overdrafts	-	13,749
	<u>326,311</u>	<u>348,625</u>

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

Geographe Bay Community Enterprises Limited
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Note 21. Financial risk management (continued)

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at 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 and cash and cash equivalents.

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. Interest-rate risk could also arise from long-term borrowings. The company held cash and cash equivalents of \$297,484 at 30 June 2024 (2023: bank overdraft of \$13,749).

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.

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Note 21. Financial risk management (continued)

The following are the company 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	122,244	30,654	-	152,898
Lease liabilities	95,786	90,386	-	186,172
Total non-derivatives	<u>218,030</u>	<u>121,040</u>	<u>-</u>	<u>339,070</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	40,012	61,308	-	101,320
Lease liabilities	88,960	173,048	-	262,008
Total non-derivatives	<u>128,972</u>	<u>234,356</u>	<u>-</u>	<u>363,328</u>

Note 22. Key management personnel disclosures

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

Joshua Jonathon Hardy
Warwick William Howard

David Markovich
Josephine Charlotte Harrison-Ward

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

Compensation

Key management personnel compensation comprised the following.

	2024 \$	2023 \$
Short-term employee benefits	34,300	-
Post-employment benefits	3,773	-
	<u>38,073</u>	<u>-</u>

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

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.

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.

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2024

Note 23. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
Two directors provided management consulting services to the company.	-	30,000
The company secretary has provided the company with secretarial and board support services.	-	6,500

Note 24. 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	8,420	6,400
<i>Other services</i>		
Taxation advice and tax compliance services	700	660
General advisory services	3,770	4,740
	4,470	5,400
	12,890	11,800

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	170,590	491,773
Adjustments for:		
Depreciation and amortisation	146,916	127,130
Lease liabilities interest	7,587	9,879
Change in operating assets and liabilities:		
Increase in trade and other receivables	(6,016)	(50,467)
Decrease in deferred tax assets	54,751	165,943
Increase/(decrease) in trade and other payables	78,350	(14,731)
Increase/(decrease) in employee benefits	29,178	(16,512)
Increase in other provisions	362	354
Net cash provided by operating activities	481,718	713,369

Note 26. Earnings per share

	2024 \$	2023 \$
Profit after income tax	170,590	491,773

Geographe Bay Community Enterprises Limited
Notes to the financial statements
30 June 2024

Note 26. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,885,609</u>	<u>1,885,609</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,885,609</u>	<u>1,885,609</u>
	Cents	Cents
Basic earnings per share	9.05	26.08
Diluted earnings per share	9.05	26.08

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. 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.

Geographe Bay Community Enterprises Limited
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


DocuSign (Oct 24, 2024 12:35 GMT+8)

Joshua Jonathon Hardy
Chair

24 October 2024



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 Geographe Bay Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Geographe Bay 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 Geographe Bay 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.



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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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 October 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt', is positioned above the printed name.

Lachlan Tatt
Lead Auditor