

Annual Report 2024

Healesville & District Community
Enterprise Limited

Community Bank
Healesville

ABN 64 143 284 182

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Chair's Report

For year ending 30 June 2024

It is my pleasure to present the 2023-2024 Healesville and District Community Enterprise Limited Annual Report. In my first year as Board Chair and second year as a Director it is with enthusiasm that I can report that we have seen another strong annual trading surplus in the 14th year we have existed as a Community Bank. This has resulted from increased banking margins, continued good governance and competent management by Directors and Staff.

Our operating surplus from ordinary activities, of approximately \$400,093 and our net profit of \$299,722 reflects our increased bank interest rates and the work of a dedicated team of Staff and Directors with a commitment to both customers and community, combined with a disciplined approach to expense management, based on our business strategy. It remains our belief that we expect to see a continuation of trading surpluses over coming years. Our strong performance has enabled us to operate without debt and to make a further dividend payment to shareholders.

Our strong profits for the 2023-2024 financial year have enabled us to provide a much-needed refresh of our Community Bank premises. We hope that our community have enjoyed the new fresh branch environment, as our staff have.

The Community Bank model is unique. Being connected to our community means that we understand that successful customers assist to create a successful community. This community involvement is our real point of difference.

Thanks to the support of Community Bank customers and shareholders, the Australia-wide network has now returned more than \$320 million to support and strengthen local communities. This enormous achievement has come 26 years after the Community Bank concept was born in the Western Victorian farming townships of Rupanyup and Minyip in 1998. We are a robust and maturing banking network where valued partnerships enhance banking services, taking the profits that local banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

Community Bank Healesville has played its role in this milestone, supporting many projects and community groups with over \$135,000 to help Healesville grow and thrive. In the past year grants have been provided to each of the following organisations:

- Healesville Community Garden
- Healesville Living and Learning Centre
- Yarra Glen Bowls Club
- Yarra Valley FM
- Healesville Primary School
- Maroonah Reservoir Friends of Group
- Healesville Bowls Club
- Melba Equestrian Centre
- Healesville Cricket Club
- Healesville High School
- Yarra Ranges Film Society
- Healesville and District Historical Society
- Yarra Glen Primary School
- Healesville Junior Football Club
- Velveteen Productions
- Yarra Valley Arts Co
- Healesville District Soccer Club
- Oonah Health & Community Services

In addition to these grants, our branch staff have provided useful information sessions for individuals, small businesses and not for profit organisations.

We look forward to continuing to increase our support for community groups as more people bank with Community Bank Healesville and the Company's improving financial position allows us to increase our local grants program.

Income and expenses

Healesville and District Community Enterprise Limited is reporting a full financial year trading surplus of approximately \$400,093 for 2023-24. Our overdraft has been removed and our long-term loan has been kept sitting at just under \$5,000. Our 2024-2025 budget shows another strong projected income. To plan for future contingencies, we have maintained our reserve fund which will see 10% of monthly profits set aside for the future.

Our net equity is in strong positive territory in this financial year. We thank our highly engaged Staff, Board and Bendigo Bank for working hard in the community and on our business growth strategies.

Your Board

Healesville and District Community Enterprise Limited Board of Directors is drawn from the local community and each Director is skilled in their area of expertise and passionate about our community. They volunteer their time to guide and grow the business. They support the branch staff and work tirelessly in the community promoting Community Bank Healesville.

May I express my sincere appreciation to your 2023-24 Board of Directors – Jo Bagg, Danny Zemp, Elise Hanrahan, Leigh Harry, David Hill, Fiona Couper, Walter Skilton, Amanda Hand, Bruce Argyle, Sue Jackson and Kieran Hulm.

We also acknowledge the pivotal support of the Bendigo Bank team, particularly Business Performance Manager Simon Sponza and Regional Manager Chris Cahir.

Our Staff

Keeley Mahoney (Branch Manager since May 2019) and the branch team have continued to deliver excellent customer service and produce good results. They do this by providing local residents, traders and businesses with professional and friendly face-to-face banking and financial services which are highly valued and appreciated. During the year Shelli Johanson, Cathy Pye, Margaret Trezise, Jessie-Lee Hume (until 30 January 2024) and Lea Geddes have comprised our great branch team.

Finance, Audit and Risk Committee

This committee, chaired by David Hill and ably assisted by BCV Financial Services and AFS, have provided timely and accurate financials on which the Board can base their assessment of business performance. This committee has also been instrumental in managing business finances, regular auditing and maintaining a comprehensive risk register.

Business Development Committee

The Business Development Committee, chaired by Danny Zemp, has as its charter to specifically develop and implement activities and events focussed on growing the company business. It has developed a number of initiatives that have already proved fruitful for our business growth. This has included working with local businesses and community groups and continuing to oversee our local community investments.

In terms of Community Investment, Directors and management team have again focussed directly on connecting and maintaining contact with all the community entities that have benefited from our grants. We aim to develop stronger relationships with grant recipients, ensuring they have a key understanding of the importance of supporting the Community Bank that in turn supports them in their endeavours.

People and Culture Committee

This committee, chaired by Jo Bagg, has continued their human resources focus, supporting and ensuring appropriate training for both staff and directors and responding to requests from shareholders.

During the year, Directors participated (mostly online) in State and Regional Bendigo Bank Conferences, undertook professional development courses in new Director induction, Understanding Profit Share, the Effective Board and Marketing. The directors and staff also participated in a strategic plan review to identify the key partners and chart a growth course for our business.

Challenges and Opportunities

The Healesville community understands the Community Bank model and what that means for the community into the future. It has been exciting to see continued growth in customer numbers over the past 12 months. Despite this some do not yet realise that Bendigo Bank provides a full range of financial and banking services.

In addition to providing welcoming and professional banking services we recognise that it is important for us that we continue to remain competitive in pricing and continue to develop and deliver innovative and relevant Bendigo Bank banking products and services. Our current three-year strategic plan, together with Bendigo Bank's support we expect will deliver another surplus in 2024-2025 and we are encouraged by the increased levels of footings (both deposits and lending, totalling over \$120 million) that have occurred over the past four years. It is noted that there has been limited buying and selling of shares over the past 12 months, but this is changing with our improved financial position.

Our core focus is to meet the needs and expectations of our customers as they change and in the face of continued banking challenges. Increasing the level of business activity and engagement and thereby deepening our relationship with our customers, is our key point of difference. On behalf of the Board of Directors I would encourage you, our shareholders, to be our ambassadors to the community at large. You can certainly help your community company achieve greater success by encouraging members of your family, friends and acquaintances to bank with us.

We look forward to seeing as many shareholders as possible at our Annual General Meeting which will be conducted at the Yarra Glen Bowls Club at 6:30pm on Thursday 28 November 2024.

Yours Sincerely,

Nicole Slingsby

Nicole Slingsby
Chair

Manager's Report

For year ending 30 June 2024

As of 30 June 2024, Community Bank Healesville held funds under management of \$135 million. This including \$41 million in lending and \$82 million in deposits, with \$12 million in other business.

This year, growth has been difficult. This is primarily due to increases in interest rates and higher cost of living resulting in unstable economic environment. Loan serviceability has declined as average wages struggle to meet existing loan obligations and new loans needed for property purchases in the Yarra Ranges. The Government Schemes have helped many people achieve their dreams of owning their own home but not all customers are keen to share the ownership of their homes. The aging population paying out their loans and the cost-of-living pressure pushing people to downsize has also reduced our capacity to capture lending.

Lower interest rates on Bendigo Bank term deposits and increased competition from other financial institutions, has prompted rate-sensitive customers to explore higher returns with online banks.

In say this, I am proud to announce our customers numbers grew by 11.03%. The increase includes a diverse range of customers seeking personalised, face-to-face service, as well as the reassurance that their banking supports our community. This marks our fourth year of increased customer growth.

We have also observed a significant increase in customers experiencing fraud and scams. Our staff are fully trained in spotting "red flags" and assisting the customers to reclaim their money or identity.

Our focus for the year ahead will be on customer retention, continuing the face-to-face service model, and encouraging advocacy from our customers – there's no greater compliment than a referral to family and friends. Home loans remain a primary focus at the branch and we uphold a four-hour service promise to engage potential customers swiftly in this competitive market.

Our biggest strength is our staff. Their knowledge and professionalism along with a smile helps us maintain and increase our customers. They guide our customers through their financial journey. I would like to personally thank each one of them – Shelli, Margaret, Cath and Lea for the continued contribution to the branch.

This year we farewelled Jessi-Lee. We welcomed Margaret as our new Customer Relationship Manager – her impact on the branch has been significant.

Our Board of Directors have been amazing as ever. I would like to thank you all for your volunteered hours, your guidance and support. A special mention to Nicole, her first year as the Chairperson, your energy and commitment is recognised by all the staff, thank you. We farewell Leigh and Jo and acknowledge their contributions over the past five years.

Lastly, I would like to thank our shareholders. With our shareholders continued support, we are confident we can grow the business. If we grow, our sponsorships to local clubs, groups and associations will increase, keeping our community strong and resilient. This year alone we distributed over \$30,000 to deserving applicants.

Keeley Mahoney

Head of Community Development, Bendigo Bank

For year ending 30 June 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

Warmest regards,



Justine Minne

Sub-Committee Reports

For year ending 30 June 2024

Business Development

A challenging and rewarding year for the Business Development Committee, with our usual focus on growth for our community and ensuring we are in the black. As a result of this we paid a dividend to our shareholders.

We have supported many community groups throughout the year. We endeavour a continuous community connection and tell our story to ensure that we can continue to support our engaged community and sports clubs in a relevant and impactful manner.

Our main target is to raise awareness on how our community bank model works and how it impacts our community. We provide a top-level service and continue growing our business.

This year we have made huge inroads in communicating our story, our community banking model, to many businesses and community groups. We are building strong relationships between local traders, sporting groups, volunteers and community-based groups so they understand the relationship between Community Bank Healesville and the benefit to the broader community.

We take the time to listen to various community groups, sporting clubs and not-for-profit organisations. As a result, they have a better understanding of how the ongoing growth of our business is benefitting each of them. In turn we better understand their needs and they get a comprehension of our community banking model.

At Community Bank Healesville we strive to deliver the highest level of service to any person or business a bank can provide. Keeping in mind any grass root organisations that are in need of support.

Our message is, and continues to be, we bank for the community and not for a highly paid CEO. Our profits go into the growth of our business and thus back into our community where our support is needed.

Thank you all. All of our dedicated volunteer committee members who contribute tirelessly to Community Bank Healesville with a relentless dedication and a willingness to support our community. Keeley Mahoney, our hardworking Branch Manager and staff members, who are all dedicated to our bank and community. Their level of service is exceptional. Something we expect from a bank, yet seldom see.

We look forward to continually expand our business so that we are able to further support our community.

Danny Zemp

Chair – Business Development Committee

Finance and Audit

Our Finance and Audit Committee experienced a couple of changes over the past 12 months. Sue Jackson sadly decided it was time to retire. Thank you to Sue for your invaluable input during all those difficult years steering us into profit. Welcome back Walter Skilton, a familiar face to the board. Leigh Harry's wealth of experience continues to place our Risk Management in an uncompromising position, and we must recognise the leadership of Nicole Slingsby giving us her timeless energy and focus, a commitment that only past Chairs would appreciate. Although no longer Directors of HDCEL it's a big thankyou to Bruce Argyle and Sue Jackson who have continued to support me in my role.

The past 12 months has seen the HDCEL bank loan maintained at a minimal debt and will continue to remain open for the next financial year. Our transaction account is being maintained at an operational level that allows a balanced investment in Term Deposits in line with our Franchise Agreement.

Our Audit team at AFS have been of invaluable assistance thanks to Grace Nicholson and team, along with this year's INFLO headed up by Nicole Slingsby and Sean Limpens and external audit engagement partner Joshua Griffin and manager Brad Harris.

Thank you to BCV Financial Services, Non-Directors of HDCEL Nicola Zarb and Tia Waters this year we have collaboratively with Bendigo Bank reformed the security of our accounting functions.

We always recognise the financial commitment of our HDCEL shareholders who have been instrumental in creating this Social Enterprising Company and look forward to another successful and rewarding year.

David Hill
Chair – Finance and Audit Committee

Governance and Risk

During the 2023/24 financial year, the Governance and Risk Committee has continued to monitor HDCEL as a Company and the Board has continued to meet its statutory and corporate reporting requirements.

The Committee has pursued an active role in ensuring that a regular review of the risks facing the business, and all aspects of its operation have been undertaken. This has also included ensuring appropriate risk management activities are undertaken by the Board, Board Sub Committees and Branch management.

In undertaking these tasks, the Committee has been actively supported by all members of the Board and particularly by the Branch Manager, Keeley Mahoney.

The support of Bendigo Bank Corporate Office is acknowledged in providing advice and guidance when requested to address the changing corporate reporting requirements during a challenging economic and financial environment.

Of particular note during the 2023/24 financial year is that on the 16 April 2024 a Special General Meeting of the Company was held. The purpose of this meeting was to consider a special resolution to adopt a new Constitution for the Company. The changes included in the new Constitution brought it broadly into line with the current constitutions adopted by other Bendigo Bank franchise operators and ensured that the Company's rules are up to date and meet all current legislative and franchise requirements.

The proposed special resolution was approved unanimously at the meeting.

Leigh Harry
Chair – Governance and Risk Committee

People and Culture

Over the past year, the People and Culture Committee has been consistently impressed by our Branch Manager, Keeley Mahoney, and the team's wonderful performance. They have maintained outstanding customer service, showcasing resilience and unwavering commitment. We are encouraged by the positive feedback from our customers and deeply appreciate our team's dedication to the local community. The team continues to push their limits to achieve their goals.

Our committee, composed of Fiona Couper, Brad Sanders, Helen Wood, and myself, has been dedicated to enhancing staff and Director engagement, as well as recruitment and performance. I am grateful for their valuable time, insights and expertise.

This year, we have welcomed new Directors and refined the structure of our Board committees. We also focused on the Cooperative Workplace Agreement (CWA), collaborating with over 150 Community Bank companies to vote for and successfully gain approval from the Fair Work Commission.

A heartfelt thank you goes out to Keeley, Shelli, Marg, Cath, Lea, and Jessi-Lee for representing Community Bank Healesville with professionalism, enthusiasm, and warmth over the past year. We eagerly anticipate another successful year ahead.

Jo Bagg
Chair – People and Culture Committee

Directors' Report

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

Nicole Lesleigh Slingsby

Position Chair

Qualifications, experience and expertise Nicole was admitted as a solicitor in 2018 and worked for two generalist firms before opening her legal practice as a sole practitioner in Healesville in 2020 until the end of 2023, dedicated to specialising in wills and estates law. Nicole now teaches law related subjects at RMIT. Her professional role demands excellent communication and problem-solving skills as well as great attention to detail. She has a Bachelor of Health Science; Bachelor of Laws; Master of Laws; Graduate Diploma in Legal Practice. Nicole was previously President of Healesville Toastmasters.

Special responsibilities Business Development Committee; Finance and Audit Committee

Joanne Lee Bagg

Position Secretary

Qualifications, experience and expertise An experienced professional in management consultancy, tourism and hospitality sectors, with over 17 years' experience working in the Yarra Valley. Previously managed the Yarra Valley Visitor Information Centre in Healesville, working with community groups and businesses to promote the region to domestic and international visitors. Worked for 10 years with Swinburne University (through Open Universities Australia) as convenor and tutor for tourism units. Qualifications include Bachelor of Business (Tourism Enterprise Management) and Diploma of Hospitality Management. Joanne has strong interpersonal, administrative and organisational skills and is dedicated to excellent customer service.

Special responsibilities Chair – People and Culture Committee

David Hill

Position Treasurer

Qualifications, experience and expertise David brings to the board a wealth of previous Director experience and other professional roles that supports his appointment. Past positions include; Honorary Public Service Board Victoria Member; Member of the PSBV Disciplinary Appeals Tribunal; 35 years Nursing - General, Psychiatry and Disabilities with studies at Muriel Yarrington School of Nursing (Gov), Swinburne University, RMIT Bundoora Campus and Melbourne Pathology. Administered WorkCover / Policy and Audit processes for Dairy Farmers Co-Operative. An indentured tradesman (mechanics) and Road Construction with Downer EDI (asphalt). Work shopped the recent 20-year Strategic Plan for the Yarra River with Melbourne Water and is a strong participant with local community groups and activities.

Special responsibilities Chair – Finance and Audit Committee

Daniel Zemp

Position Non-executive director

Qualifications, experience and expertise Cartoonist and Arborist BSc, Frontline management, Environmental management and sustainability. Currently working at the local high school as an integration aide as well as providing a regular editorial cartoon in the local paper. Daniel has 25 years' experience as a climbing arborist and is currently on the committee of the Australian Cartoon Museum. Daniel was previously a Bendigo Bank Advisor and Director.

Special responsibilities Chair – Business Development Committee

Leigh Harry

Position
Qualifications,
experience and expertise

Non-executive director
Previously CEO of Tourism Victoria from 2002-2006 and the CEO of Melbourne Convention and Exhibition Centre from 1989-2002. He has also held positions such as International President (four years) and Board member of the International Congress Convention Association (eight years). Leigh has also been Chair of the Business Events Council of Australia, and a Board Member and Office Holder of the Meetings and Events Association Australia and the Melbourne Convention Bureau and Board Member of Rotary Club of Southbank.
Currently Leigh is Chair of Yarra Ranges Tourism Ltd and at various times has undertaken volunteer roles with Zoos Victoria, FairShare, Palais Theatre Community Fund, Hannover House, Sacred Heart Mission, Salvation Army and Yarra Valley Arts Society.

Special responsibilities
Chair – Governance and Risk Committee; Finance and Audit Committee

Elise Hanrahan

Position
Qualifications,
experience and expertise

Non-executive director
Elly currently lives in Healesville after moving to the area in 2020. She holds a Bachelor of science (advanced) with honours in global challenges from Monash University. She is passionate about the environment and has worked on the FFMVIC fire crews, as well as leading a bushfire community engagement program in Healesville and surrounds. Alongside volunteering as a Board Director, she currently works as a policy advisor for the Department of Energy Environment and Climate Action (DEECA) as well as the Environment and Health Program Manager at Global Voices.

Special responsibilities
Business Development Committee; Governance and Risk Committee

Fiona Elizabeth Couper

Position
Qualifications,
experience and expertise

Non-executive director
Client Services Officer (Sarina Russo Apprenticeship Services), Enrolments Officer (James Cook University Brisbane), Legal Secretary (31 West Chambers), Operations Team Supervisor (Everlight Radiology), Restaurant Manager (Vine Restaurant & Chachi Yarra Valley), Hospitality Manager (Yarra Valley Estate, Vice President (Tourism Network Yarra Valley, President [The Lions Club of Healesville (2024-2025)]). Throughout the last three years Fiona has also run her own Holistic Well-being practice (involving Reiki healing, guidance, and meditation and mindfulness classes). Previously volunteered with the YWCA as part of the ASISTA mentoring program. Current member of the Healesville District Lions Club and regularly volunteer at the Lions Den Op Shop. Hold a Certificate 3 in Business, and a Diploma in Makeup Artistry.

Special responsibilities
People and Culture Committee

Walter Skilton

Position
Qualifications,
experience and expertise

Non-executive director
Walter Skilton is an experienced and professionally qualified Project Manager with over 25 years' experience managing projects and portfolios for small, medium and large businesses. He has been School Council President and continues active involvement with community groups. His experience includes roles as Secretary for Healesville Community Bank, Treasurer for Healesville Toastmasters, Treasurer for Healesville Uniting Church, Treasurer for Ringwood Highland Pipe Band and Governance Officer for Healesville CoRE. Walter has qualifications in Project Management and holds a Graduate Certificate in Management, Diploma in Datametrics and Master of Information Technology degree. Walter has good experience in administrative, finance and governance tasks and has strong motivation to quality and accuracy in his work.

Special responsibilities
Finance and Audit Committee; Governance and Risk Committee

Amanda Hand

Position	Non-executive director (appointed 4 June 2024)
Qualifications, experience and expertise	Chief Executive Officer Onah Health and Community Services Aboriginal Corporation. Graduate Diploma Management Diploma. Diploma in Business (Governance). Over 20 years in Executive Management of not-for-profit Community Organisations. Previous Director AFL Cape York (7 years).
Special responsibilities	Nil

Bruce Leonard Argyle

Position	Chair (resigned 25 November 2023)
Qualifications, experience and expertise	Bachelor of Science (Hons.), Diploma in Business and Education and Masters in Dispute Resolution. Current Board and Director roles: Australian Charities & Not-for-Profit Commission (ACNC) – Reference Group (10 years) Social Investment Grants Program, Community Sector Banking – Chair (8 years) Non-executive Director, Lockwood Trust (19 years). Current community roles: Healesville Toastmasters – Exec Member, YVFM 99.1 Community Radio – Member and presenter, Healesville CoRE – Member, Healesville Community Emergency Group – Member and HEWI – Member. Paid employment roles: CEO Regional Extended Family Services (REFS) – 14 years, Director at Philanthropy Australia – 6 years, CEO InterCapital Fundraising – 2 years, Director Community Relations Uniting AgeWell – 2 years and Head of Philanthropy/NFP Specialist Team at Bendigo Bank – 5 years. Former directorships: Interact Australia – Director and Board Chair and The Chase & Tyler Foundation – Director.
Special responsibilities	Finance and Audit Committee

Susan Ellen Jackson

Position	Treasurer (resigned 25 November 2023)
Qualifications, experience and expertise	Susan is a licensed Real Estate Agent with 18 years' experience in the industry. She completed Bachelor of Property & Real Estate in 2017. Involved in residential sales and manages a team of 12 sales agents. Susan has been involved with Montrose Traders Group for many years and supports various local clubs and groups.
Special responsibilities	Chair – Finance and Audit Committee

Kieran Hulm

Position	Non-executive director (resigned 25 November 2023)
Qualifications, experience and expertise	Kieran is a qualified electrician and with an engineering specialisation in robotics and automation. He designs customised automated warehouse and manufacturing systems for a global brand throughout the APAC region. Kieran brings nearly a decade of experience in the automation space incorporating his skills in project management, professional services, and creative thinking.
Special responsibilities	Business Development Committee

Company Secretary

The company secretary is Joanne Lee Bagg. Joanne was appointed to the position of company secretary on 1 July 2023.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank). There have been no significant changes in the nature of these activities during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$299,722 (30 June 2023: \$342,565).

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	2023
	\$	\$
Unfranked dividend of 6 cents per share (2023: 5)	<u>53,942</u>	<u>44,951</u>

Significant changes in the state of affairs

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

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

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

	Board Meetings	
	<u>Eligible</u>	<u>Attended</u>
Nicole Slingsby	11	11
Joanne Bagg	11	11
David Hill	11	11
Daniel Zemp	11	11
Leigh Harry	11	10
Elise Hanrahan	11	9
Fiona Couper	11	8
Walter Skilton	6	5
Amanda Hand	1	1
Bruce Argyle	6	6
Susan Jackson	5	4
Kieran Hulm	5	3

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 start of the year	Changes during the year	Balance at end of the year
Nicole Slingsby	-	2,000	2,000
Joanne Bagg	-	-	-
David Hill	1,000	-	1,000
Daniel Zemp	2,000	-	2,000
Leigh Harry	4,000	-	4,000
Elise Hanrahan	-	-	-
Fiona Couper	-	-	-
Walter Skilton	-	3,000	3,000
Amanda Hand	-	-	-
Bruce Argyle	2,000	-	2,000
Susan Jackson	1,000	-	1,000
Kieran Hulm	-	-	-

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.

Indemnification and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 28 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*.

Nicole Slingsby

Nicole Lesleigh Slingsby, Chair

Dated this 22 September 2024

2023-2024 Directors



Nicole Slingsby
Chair



Jo Bagg
Secretary, Chair -
People and Culture



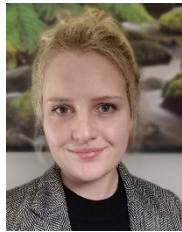
David Hill
Treasurer, Chair -
Finance and Audit



Leigh Harry
Chair - Governance
and Risk



Danny Zemp
Chair - Business
Development



Elise Hanrahan



Fiona Couper



Walter Skilton



Amanda Hand



Bruce Argyle
Chair (retired 25
November 2023)



Sue Jackson
Chair - Finance and
Audit (retired 25
November 2023)



Kieran Hulm
(retired 25 November
2023)

Auditor's Independence Declaration



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Healesville & District Community Enterprise Limited

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated: 22 September 2024

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

Joshua Griffin
Lead Auditor

Financial Statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2024

	Notes	2024 \$	2023 \$
Revenue from contracts with customers	7	980,522	1,022,385
Other revenue		11,402	27,781
Finance revenue		145	
Total revenue		<u>992,069</u>	<u>1,050,166</u>
Employee benefits expense	8	(345,516)	(352,013)
Advertising and marketing costs		(1,648)	(3,459)
Occupancy and associated costs		(25,662)	(20,676)
System costs		(28,095)	(25,889)
Depreciation and amortisation expense	8	(77,052)	(74,743)
Finance costs	8	(7,591)	(21,152)
General administration expenses		(79,827)	(78,840)
Total expenses before community contributions and income tax expense		<u>(565,391)</u>	<u>(576,772)</u>
Profit before community contributions and income tax expense		426,678	473,394
Charitable donations and sponsorships expense		<u>(26,585)</u>	<u>(16,614)</u>
Profit before income tax expense		400,093	456,780
Income tax expense	9	<u>(100,371)</u>	<u>(114,215)</u>
Profit after income tax expense for the year		299,722	342,565
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>299,722</u>	<u>342,565</u>
		Cents	Cents
Basic earnings per share	30	33.34	38.10
Diluted earnings per share	30	33.34	38.10

Financial Statements (cont.)

Balance Sheet

as at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	283,958	94,873
Trade and other receivables	11	97,518	100,495
Investments	12	100,000	-
Total current assets		<u>481,476</u>	<u>195,368</u>
Non-current assets			
Investment properties	15	-	19,664
Property, plant and equipment	13	101,617	66,752
Right-of-use assets	14	51,587	68,651
Intangible assets	16	23,598	35,398
Deferred tax assets	9	67,477	167,847
Total non-current assets		<u>244,279</u>	<u>358,312</u>
Total assets		<u>725,755</u>	<u>553,680</u>
Liabilities			
Current liabilities			
Trade and other payables	17	54,216	62,169
Borrowings	18	11,400	10,823
Lease liabilities	19	61,989	56,230
Employee benefits	20	14,878	12,870
Total current liabilities		<u>142,448</u>	<u>142,092</u>
Non-current liabilities			
Trade and other payables	17	-	14,602
Lease liabilities	19	10,179	74,676
Employee benefits	20	4,665	1,684
Provisions	21	37,461	35,439
Total non-current liabilities		<u>52,305</u>	<u>126,401</u>
Total liabilities		<u>194,788</u>	<u>638,801</u>
Net assets		<u>530,967</u>	<u>285,187</u>
Equity			
Issued capital	22	872,080	872,080
Accumulated losses		<u>(341,113)</u>	<u>(586,893)</u>
Total equity		<u>530,967</u>	<u>285,187</u>

Financial Statements (cont.)

Statement of Changes in Equity for the year ended 30 June 2024

		Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022		872,080	(884,507)	(12,427)
Profit after income tax expense		-	342,565	342,565
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	342,565	342,565
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	24	-	(44,951)	(44,951)
Balance at 30 June 2023		<u>872,080</u>	<u>(586,893)</u>	<u>285,187</u>
Balance at 1 July 2023		872,080	(586,893)	285,187
Profit after income tax expense		-	299,722	299,722
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	299,722	299,722
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	24	-	(53,942)	(53,942)
Balance at 30 June 2024		<u>872,080</u>	<u>(341,113)</u>	<u>530,967</u>

Financial Statements (cont.)

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)		1,095,919	1,118,911
Payments to suppliers and employees (inclusive of GST)		(616,724)	(589,120)
Interest received		145	-
Interest and other finance costs paid		(236)	(10,742)
Net cash provided by operating activities	29	479,104	519,049
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(100,000)	-
Payments for property, plant and equipment	13	(59,932)	(3,700)
Payments for intangible assets		(13,274)	(13,274)
Net cash used in investing activities		(173,206)	(16,974)
Cash flows from financing activities			
Repayment of lease liabilities		(58,013)	(52,904)
Interest and other finance costs paid		(5,435)	(8,554)
Dividends paid	24	(53,942)	(44,951)
Net proceeds from/(repayment of) borrowings	18	577	(323,783)
Net cash used in financing activities		(116,813)	(430,192)
Net increase in cash and cash equivalents		189,085	71,883
Cash and cash equivalents at the beginning of the financial year		94,873	22,990
Cash and cash equivalents at the end of the financial year	10	283,958	94,873

Notes to the Financial Statements

for the year ended 30 June 2024

Note 1 Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered Office	Principal Place of Business
74 Dandenong Road	205 Maroondah Hwy
Frankston VIC 3199	Healesville VIC 3777

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 22 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3 Material accounting policy information

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

Adoption of new and revised accounting standards

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

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

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

Note 3 Material accounting policy information (continued)

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.

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 management 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 to receivables owed to the company by 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.

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

Lease term

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

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

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 non-strategic 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.

Sublease classification

Judgement is required to determine the classification of the sublease as either an operating or a finance sublease.

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 4 Critical accounting judgements, estimates and assumptions (continued)

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 February 2026.

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 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**

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 \$314,764.

Note 7 **Revenue from contracts with customers**

	2024	2023
	\$	\$
Margin income	873,780	912,730
Fee income	42,086	40,689
Commission income	64,656	68,966
	<u>980,522</u>	<u>1,022,385</u>

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 Goods and Services Tax (GST). There was no revenue from contracts with customers recognised over time during the financial year.

Note 7 Revenue from contracts with customers (continued)

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.

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 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 business 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 that 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 benefit expenses

	2024	2023
	\$	\$
Wages and salaries	297,196	311,020
Superannuation contributions	32,606	31,416
Expenses related to long service leave	4,235	(4,375)
Other expenses	11,479	13,952
	<u>345,516</u>	<u>352,013</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	22,670	22,539
Plant and equipment	1,706	1,569
	<u>24,376</u>	<u>24,108</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	33,032	27,034
Investment property	7,844	11,801
	<u>40,876</u>	<u>38,835</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	1,967	1,967
Franchise renewal fee	9,833	9,833
	<u>11,800</u>	<u>11,800</u>
	<u>77,052</u>	<u>74,743</u>

Finance costs

	2024	2023
	\$	\$
Bank loan interest paid or accrued	236	10,742
Lease interest expense	5,435	8,554
Unwinding of make-good provision	1,920	1,856
	<u>7,591</u>	<u>21,152</u>

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

Leases recognition exemption

	2024	2023
	\$	\$
Expenses relating to low-value leases	<u>10,151</u>	<u>9,524</u>

Note 9 **Income tax**

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Movement in deferred tax	(1,349)	(901)
Recoupment of prior year tax losses	101,505	115,116
Under/over adjustment	215	-
Aggregate income tax expense	<u>100,371</u>	<u>114,215</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>400,093</u>	<u>456,780</u>
Tax at the statutory tax rate of 25%	100,023	114,195
Tax effect of:		
Non-deductible expenses	133	20
Under/over adjustment	215	-
Income tax expense	<u>100,371</u>	<u>114,215</u>
	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Tax losses	39,684	141,189
Property, plant and equipment	8,397	3,264
Employee benefits	4,886	3,888
Provision for lease make good	9,365	8,860
Lease liabilities	18,042	32,726
Right-of-use assets	<u>(12,897)</u>	<u>(22,080)</u>
Deferred tax asset	<u>67,477</u>	<u>167,847</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 for each jurisdiction, 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.

Note 9 Income tax (continued)

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	<u>283,958</u>	<u>94,873</u>

Note 11 **Trade and other receivables**

	2024	2023
	\$	\$
Trade receivables	<u>85,712</u>	<u>90,515</u>
Other receivables and accruals	3,758	3,770
Prepayments	<u>8,048</u>	<u>6,210</u>
	<u>11,806</u>	<u>9,980</u>
	<u>97,518</u>	<u>100,495</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.

Note 12 **Investments**

	2024	2023
	\$	\$
<i>Current assets</i>		
Term deposits	<u>100,000</u>	<u>-</u>

Note 13 **Property, plant and equipment**

	2024 \$	2023 \$
Leasehold improvements - at cost	217,117	195,563
Less: Accumulated depreciation	<u>(122,997)</u>	<u>(138,014)</u>
	<u>94,120</u>	<u>57,549</u>
Plant and equipment - at cost	17,637	48,132
Less: Accumulated depreciation	<u>(10,140)</u>	<u>(38,929)</u>
	<u>7,497</u>	<u>9,203</u>
	<u><u>101,617</u></u>	<u><u>66,752</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	80,088	7,072	87,160
Additions	-	3,700	3,700
Depreciation	<u>(22,539)</u>	<u>(1,569)</u>	<u>(24,108)</u>
Balance at 30 June 2023	57,549	9,203	66,752
Additions	59,932	-	59,932
Disposals	(691)	-	(631)
Depreciation	<u>(22,670)</u>	<u>(1,706)</u>	<u>(24,376)</u>
Balance at 30 June 2024	<u><u>94,120</u></u>	<u><u>7,497</u></u>	<u><u>100,617</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.

Plant and equipment are stated at historical cost less accumulated depreciation and impairment. 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	4 to 20 years
Plant and equipment	1 to 40 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.

Note 14 **Right-of-use assets**

	2024	2023
	\$	\$
Land and buildings - right-of-use	240,916	201,470
Less: Accumulated depreciation	<u>(189,329)</u>	<u>(132,819)</u>
	<u>51,587</u>	<u>68,651</u>

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

	Land and buildings \$
Balance at 1 July 2022	91,019
Remeasurement adjustments	4,666
Depreciation expense	<u>(27,034)</u>
Balance at 30 June 2023	68,651
Remeasurement adjustments	4,148
Transfers	11,820
Depreciation expense	<u>(33,032)</u>
Balance at 30 June 2024	<u>51,587</u>

Accounting policy for right-of-use assets

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

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

Refer to note 19 for more information on lease arrangements.

Note 15 Investment properties

	2024 \$	2023 \$
Investment property - sublease - at cost	-	35,298
Less: Accumulated depreciation	-	(15,634)
	<u>-</u>	<u>19,664</u>

Reconciliation

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

Opening amount	19,664	31,146
Remeasurement adjustments	-	319
Transfers	(11,820)	-
Depreciation expense	(7,844)	(11,801)
	<u>-</u>	<u>19,664</u>

Maturity analysis

	2024 \$	2023 \$
<i>Minimum lease commitments receivable but not recognised in the financial statements:</i>		
1 year or less	-	15,837
Between 1 and 3 years	-	11,878
	<u>-</u>	<u>27,715</u>

The operating sublease is a 1-year lease which commenced March 2023 with 1 x 1-year options available which have been included in calculations. The above table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

During the year, the tenant did not exercise the second option to renew the lease from March 2024 to March 2025. Accordingly, the investment property was transferred to right-of-use assets.

Accounting policy for investment properties – sublease

The company subleases some of its property. The company initially measures the head lease in accordance with the accounting policies in note 18 'Lease liabilities' and note 13 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

Note 15 Investment properties (continued)

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset. Given the term of the sublease is less than the head lease term, the sublease does not meet the definition of a finance sublease and as such is an operating lease.

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

Note 16 Intangible assets

	2024 \$	2023 \$
Franchise fee	32,053	32,053
Less: Accumulated amortisation	<u>(28,121)</u>	<u>(26,154)</u>
	<u>3,932</u>	<u>5,899</u>
Franchise renewal fee	110,266	110,266
Less: Accumulated amortisation	<u>(90,600)</u>	<u>(80,767)</u>
	<u>19,666</u>	<u>29,499</u>
	<u><u>23,598</u></u>	<u><u>35,398</u></u>

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	7,866	39,332	47,198
Amortisation expense	<u>(1,967)</u>	<u>(9,833)</u>	<u>(11,800)</u>
Balance at 30 June 2023	5,899	29,499	35,369
Amortisation expense	<u>(1,967)</u>	<u>(9,833)</u>	<u>(11,800)</u>
Balance at 30 June 2024	<u><u>3,932</u></u>	<u><u>19,666</u></u>	<u><u>23,598</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.

Note 16 Intangible assets (continued)

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)	February 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2026

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

Change in estimates

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

Note 17 **Trade and other payables**

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,492	3,356
Other payables and accruals	52,724	58,813
	<u>54,216</u>	<u>62,169</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>-</u>	<u>14,602</u>
	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	54,216	76,771
Less other payables and accruals (net GST payable to the ATO)	(13,923)	(23,329)
	<u>40,293</u>	<u>53,452</u>

Note 18 **Borrowings**

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Bank loans	11,400	10,823

Bank loans

Bank loans are repayable monthly, interest is recognised at rate of 6.50% (2023: 5.28%). The loans are secured by a fixed and floating charge over the company's assets.

Note 19 Lease liabilities

	2024 \$	2023 \$
Current liabilities		
Land and buildings lease liabilities	<u>61,989</u>	<u>56,230</u>
Non-current liabilities		
Land and buildings lease liabilities	<u>10,179</u>	<u>74,676</u>
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	130,906	178,825
Remeasurement adjustments	(725)	4,985
Lease interest expense	5,435	8,554
Lease payments - total cash outflow	<u>(63,448)</u>	<u>(61,458)</u>
	<u>72,168</u>	<u>130,906</u>

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Healesville Branch	5.39%	5 years	N/A	N/A	September 2025

Note 20 Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	12,557	11,803
Long service leave	<u>2,321</u>	<u>1,067</u>
	<u>14,878</u>	<u>12,870</u>
<i>Non-current liabilities</i>		
Long service leave	<u>4,665</u>	<u>1,684</u>

Accounting policy for employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service, but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

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 21 Provisions

	2024 \$	2023 \$
Lease make good	<u>37,461</u>	<u>35,439</u>

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 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on September 2025 at which time it is expected the face-value costs to restore the premises will fall due.

Note 22 **Issued capital**

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares – fully paid	899,026	899,026	899,026	899,026
Less: Equity raising costs	-	-	(26,946)	(26,946)
	<u>899,026</u>	<u>899,026</u>	<u>872,080</u>	<u>872,080</u>

Accounting policy for issued capital

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

*Rights attached to issued capital**Ordinary shares*Voting rights

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

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

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

Dividends

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

Transfer

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

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.

Note 22 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 259. As at the date of this report, the company had 307 shareholders (2023: 306 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) have a prohibited shareholding interest, 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 23 Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the 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 24 Dividends

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

	2024 \$	2023 \$
Unfranked dividend of 6 cents per share (2023: 5)	53,942	44,951

Accounting policy for dividends

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

Note 25 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 A- 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.

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)	89,470	94,285
Cash and cash equivalents (note 10)	283,958	94,873
Term deposits (note 12)	100,000	-
	<u>473,428</u>	<u>189,158</u>
Financial liabilities at amortised cost		
Trade and other payables (note 17)	40,293	53,452
Less liabilities (note 19)	72,168	130,906
Bank loans (note 18)	11,400	10,823
	<u>123,861</u>	<u>195,181</u>

Note 25 Financial risk management (continued)

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 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, cash and cash equivalents and investments in term deposits.

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates, and equity prices – will affect the company's income or the value of its holdings in financial instruments.

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of \$283,958 at 30 June 2024 (2023: \$94,873) and term deposits of \$100,000 at 30 June 2024 (2023: \$nil).

Note 25 Financial risk management (continued)

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2024		2023	
	Weighted average interest rate %	Balance \$	Weighted average interest rate %	Balance \$
Bank loans	6.40%	<u>11,400</u>	5.28%	<u>10,823</u>
Net exposure to cash flow interest rate risk		<u><u>11,400</u></u>		<u><u>10,823</u></u>

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

Price risk

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

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the company's receivables from customers.

The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard and Poor's credit ratings.

Liquidity risk

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

The company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Exposure to liquidity risk

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.

Note 25 Financial risk management (continued)

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Bank loans	11,400	-	-	11,400
Trade and other payables	40,293	-	-	40,293
Lease liabilities	63,767	10,799	-	74,566
Total non-derivatives	115,460	10,799	-	126,259
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Bank loans	10,823	-	-	10,823
Trade and other payables	38,850	14,602	-	53,452
Lease liabilities	61,909	72,395	-	134,304
Total non-derivatives	111,582	86,997	-	198,579

Note 26 Key management personnel disclosures

The following persons were directors of Healesville & District Community Enterprise Limited during the financial year and/or are up to date of signing of these financial statements.

Nicole Lesleigh Slingsby	Fiona Elizabeth Couper
Joanne Lee Bagg	Walter Skilton
David Hill	Amanda Hand
Daniel Zemp	Bruce Leonard Argyle
Leigh Harry	Susan Ellen Jackson
Elise Hanrahan	Kieran Hulm

No director of the company receives remuneration for services as a company director or committee member. There are no executives within the company whose remuneration is required to be disclosed.

Note 27 **Related party transactions**

Key management personnel

Disclosures relating to key management personnel are set out in note 26.

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.

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
During the year, the company paid a sponsorship to Yarra Ranges Tourism Summit, of which a director is a member. The total benefit received was:	310	-
During the year the company paid a sponsorship to The Lions Club of Healesville, of which a director is a member. The total benefit received was:	400	-
During the year the company paid a sponsorship to OONAH Health & Community Services, of which a director is the CEO. The total benefit received was:	700	-

Note 28 **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	<u>6,650</u>	<u>5,400</u>
<i>Other services</i>		
Taxation advice and tax compliance services	-	4,500
General advisory services	3,770	3,530
Share registry services	<u>7,394</u>	<u>2,194</u>
	<u>11,164</u>	<u>10,224</u>
	<u><u>17,814</u></u>	<u><u>15,624</u></u>

Note 29 Reconciliation of profit after income tax to net cash provided by operating activities

	2024	2023
	\$	\$
Profit after income tax expense for the year	299,722	342,565
Adjustments for:		
Depreciation and amortisation	77,052	74,743
Net loss on disposal of non-current assets	691	-
Lease liabilities interest	5,435	8,554
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	2,977	(35,696)
Decrease in deferred tax assets	100,370	114,215
Increase/(decrease) in trade and other payables	(14,053)	15,505
Increase/(decrease) in employee benefits	4,989	(2,693)
Increase in other provisions	1,921	1,856
Net cash provided by operating activities	<u>479,104</u>	<u>519,049</u>

Note 30 Earnings per share

	2024	2023
	\$	\$
Profit after income tax	<u>299,722</u>	<u>342,565</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	899,026	899,026
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>899,026</u>	<u>899,026</u>
	Cents	Cents
Basic earnings per share	33.34	38.10
Diluted earnings per share	33.34	38.10

Accounting policy for earnings per share

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

Note 31 Commitments

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

Note 32 Contingencies

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

Note 33 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.

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.
- 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

Nicole Slingsby

Nicole Lesleigh Slingsby, Chair

Dated this 22 September 2024



Andrew Frewin Stewart
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Independent auditor's report to the Directors of Healesville & District Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Healesville & District Community Enterprise Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Healesville & District Community Enterprise Limited, is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2024 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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



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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', written in a cursive style.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 September 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin', written in a cursive style.

Joshua Griffin
Lead Auditor

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 **Bendigo Bank**