Annual Report 2024

Katherine Regional Enterprises Limited

ABN 57 121 062 146

Community Bank Katherine

Chairman's Report

Katherine Regional Enterprises Ltd is the locally owned company operating the Community Bank Katherine Branch of Bendigo and Adelaide Bank and has had another successful year with interest rates returning to the long term average and the closure of the local branch of one of the other banks.

Firstly, I would like to acknowledge and thank our business partners, Bendigo and Adelaide Bank. Their continued and ongoing support is essential as they provide the business platform. Their expertise and knowledge are essential to our operation.

Next to our directors, our directors are volunteers often donating more than just their time for the betterment of our community. Our secretary is Merrilyn Stopp, our treasurer is Jacquie Christie very ably assisted by Leo Bruinier and board members are Stephen Charles and Jason Hillier. I thank them for their efforts and commitment. We have vacancies on the Board for potential new directors, so if you are reading this and are interested and think you may have some suitable skills to assist and the time available, please contact the board.

Our staff are led by Branch manager Rox Danby, and are a pleasure to interact with. Their efforts make the Branch the success that it is.

Shareholders made the branch possible in the beginning and we acknowledge their long-term support for us to reach profitability and our goals. The Board is currently considering a dividend payment for the 2024/25 financial year.

Previous Dividends	Unfranked
2024	0.05 cents
2023	0.04 cents
2022	0.04 cents
2021	0.03 cents

Customers are the source of our income and we thank them for their ongoing patronage.

We look forward to the coming year with further investment into our local community.

Iain Locke

Branch Manager's Report

It is exciting and rewarding to be part of the Community Bank Katherine and it is my great pleasure to again deliver the Branch Manager report. It has been a big 12 months for me and my team, learning more and more each day on how we can provide quality service and support to our loyal customers. I am proud to be the Branch Manager of our Katherine Branch.

Our team has 4 employees, including myself. Customer Service Officers, Steve and Alicia, have been with our team for almost 12 months, with Lochie joining earlier this year. As a team we all work together well, supporting one another. We all share the same dedication and care for our customers and the passion to see our branch thrive and grow. A huge thank you to Steve who we will unfortunately lose from our team in late September this year. Steve and his wife Ruth will be returning home to Philip Island, Victoria. They both will be missed, and we wish them all the best for their future endeavours.

The 2023/24 year has been a busy time with our customer numbers increasing by 60, taking our total customer number to 1,858. We have also been able to help our clients reach their goals and assist in their financial security resulting in funds under management reaching $69.2M, growing by $1.4M over the financial year.

Witnessing the growth in our branch is satisfying and rewarding to know that we can grow further. Our team will continue to focus on providing the best customer service possible, supporting and meeting our customers banking and financial needs, building strong relationships with our existing and new customers and businesses, and getting involved with our community and events.

We continue to invest in our community with just over $60,000 in sponsorship to various clubs and organizations during the year.

My sincere thanks to our dedicated and supportive Board of Directors; Iain, Stoppy, Jacquie, Stephen, Jason and Jona. Also, to all our shareholders and loyal customers, we thank you for choosing to bank with us. It does give us the inspiration, to build and grow our Community Bank Katherine and be the bank of choice in the Katherine Region.

All of us here at Community Bank Katherine are looking forward to another prosperous and enjoyable 2024-2025.

Roxanne Danby

Branch Manager

Community Bank Report 2024
BEN Message

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

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

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

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

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

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

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

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

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

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

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

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

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

Justine Minne
Head of Community Banking.

Community Bank network: celebrating 26 years of empowering communities

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

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

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

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

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

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

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

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

Warm regards

Lauren Bean
General Manager
Community Bank National Council

Katherine Regional Enterprises Limited

ABN 57 121 062 146

Financial Report - 30 June 2024

Katherine Regional Enterprises Limited
Directors' report
30 June 2024

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

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

Name:	Iain Connor Locke
Title:	Non-executive director
Experience and expertise:	Iain owns and operates a small business and has experience in disaster management, audit and the management of an Aboriginal community store. He is a past President of the Motor Vehicle Enthusiast Club. Iain has qualifications in training and assessments (Cert IV), remote area essential services and is a qualified electrician.
Special responsibilities:	Chair

Name:	Jason Edward Hillier
Title:	Non-executive director
Experience and expertise:	Building Certifier. Jason's past occupation was as a Building Designer but has since moved into a Building Surveyors role. He is also involved in various motorsports community groups and has tertiary qualifications in BBLDG Surv Insp. BBldgDes.
Special responsibilities:	Property Committee

Name:	Merrilyn Elizabeth Stopp
Title:	Non-executive director
Experience and expertise:	Retired. Merrilyn has had a wide and varied experience in retail over many years. She was involved in school and sporting committees and government advisory committees with attention to good governance. Merrilyn has a high level of administrative skills and experience in managing her own business.
Special responsibilities:	Nil

Name:	Jacqueline Patrica Christie
Title:	Non-executive director
Experience and expertise:	Jaqueline is currently working as the Executive Assistant at Katherine West Health Board and providing secretariat support to the Board. Jacqueline's previous roles include being the Electorate Officer in the local Members office, a Business Manager for remote community schools, and Executive Assistant to the Director at the Department of Education. From 2016-2019 she was employed at Katherine Real Estate, where she studied for her full licence in Real Estate. Prior to moving to Katherine, she worked with financial advisors in South Australia who were licensed through MLC which were part of the NAB group.
Special responsibilities:	Treasurer

Name:	Stephen Mark Charles
Title:	Non-executive director
Experience and expertise:	SA Police from 02/01/1969 to 28/04/2007 - attained the rank of Sergeant. At retirement from SAPOL held the position of Sergeant in Charge, Barmera Police Station. Community Support Education Research Office, Alcohol and othe Drugs Service, NT Health from April 2007 to February 2015. Stephen holds the following qualifications: - Associate Diploma (Ab Studies) University of SA - Certificate in Alcohol and Other Drugs - Certificate in Business (Police Studies) - Certificate in Information Technology
Special responsibilities:	Nil

Company Secretary
The company secretary is Merrilyn Stopp. Merrilyn was appointed to the position of Company Secretary on 28 November 2011.

Katherine Regional Enterprises Limited
Directors' report
30 June 2024

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

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

Review of operations
The profit for the company after providing for income tax amounted to $39,330 (30 June 2023: $113,485).

Operations have continued to perform in line with expectations.

Dividends
During the financial year, the following dividends were declared.

	2024 $	2023 $
Unfranked dividend of 5 cents per share (2023: 4 cents)	40,157	32,126

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 margin earned on these products. The decline in margin has been offset by an increase in footings during the financial year.

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

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

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

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

Meetings of directors
The number of directors' meetings attended by each of the directors' of the company during the financial year were:

	Board	
	Eligible	Attended
Iain Connor Locke	10	9
Merrilyn Elizabeth Stopp	10	10
Jason Edward Hillier	10	-
Jacqueline Patrica Christie	10	9
Stephen Mark Charles	10	6

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

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Iain Connor Locke	5,000	-	5,000
Merrilyn Elizabeth Stopp	40,002	-	40,002
Jason Edward Hillier	500	-	500
Jacqueline Patrica Christie	-	-	-
Stephen Mark Charles	-	-	-

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

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

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

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

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

Katherine Regional Enterprises Limited
Directors' report
30 June 2024

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

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

On behalf of the directors

Merrilyn Elizabeth Stopp
Secretary

26 August 2024

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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Katherine Regional Enterprises Limited

As lead auditor for the audit of Katherine Regional Enterprises Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 August 2024

Lachlan Tatt
Lead Auditor

Katherine Regional Enterprises Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	7	710,845	659,506
Other revenue	8	27,500	62,500
Total revenue		738,345	722,006
Employee benefits expense	9	(242,784)	(228,403)
Advertising and marketing costs		(2,685)	(3,084)
Occupancy and associated costs		(24,204)	(27,925)
System costs		(14,863)	(14,656)
Depreciation and amortisation expense	9	(56,585)	(57,271)
Finance costs	9	(14,917)	(8,453)
General administration expenses		(80,580)	(65,650)
Total expenses before community contributions and income tax		(436,618)	(405,442)
Profit before community contributions and income tax expense		301,727	316,564
Charitable donations and sponsorships expense		(250,542)	(165,202)
Profit before income tax expense		51,185	151,362
Income tax expense	10	(11,855)	(37,877)
Profit after income tax expense for the year		39,330	113,485
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		39,330	113,485
		Cents	**Cents**
Basic earnings per share	26	4.90	14.13
Diluted earnings per share	26	4.90	14.13

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

Katherine Regional Enterprises Limited
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	11	250,038	266,577
Trade and other receivables	12	62,184	69,833
Total current assets		312,222	336,410
Non-current assets			
Property, plant and equipment	13	68,596	82,161
Right-of-use assets	14	328,694	133,507
Intangible assets	15	39,518	52,692
Deferred tax assets	10	90,583	102,437
Total non-current assets		527,391	370,797
Total assets		839,613	707,207
Liabilities			
Current liabilities			
Trade and other payables	16	30,160	87,502
Lease liabilities	17	37,643	31,095
Employee benefits		8,693	6,117
Total current liabilities		76,496	124,714
Non-current liabilities			
Trade and other payables	16	28,980	43,470
Lease liabilities	17	311,256	102,722
Employee benefits		440	-
Provisions		15,877	28,910
Total non-current liabilities		356,553	175,102
Total liabilities		433,049	299,816
Net assets		406,564	407,391
Equity			
Issued capital	18	762,040	762,040
Accumulated losses		(355,476)	(354,649)
Total equity		406,564	407,391

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

Katherine Regional Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		762,040	(436,008)	326,032
Profit after income tax expense		-	113,485	113,485
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	113,485	113,485
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(32,126)	(32,126)
Balance at 30 June 2023		762,040	(354,649)	407,391

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2023		762,040	(354,649)	407,391
Profit after income tax expense		-	39,330	39,330
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	39,330	39,330
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(40,157)	(40,157)
Balance at 30 June 2024		762,040	(355,476)	406,564

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

Katherine Regional Enterprises Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		819,829	767,930
Payments to suppliers and employees (inclusive of GST)		(744,584)	(517,018)
Net cash provided by operating activities	25	75,245	250,912
Cash flows from investing activities			
Payments for property, plant and equipment		-	(13,866)
Payments for intangible assets		(13,173)	(13,173)
Net cash used in investing activities		(13,173)	(27,039)
Cash flows from financing activities			
Interest and other finance costs paid		(13,753)	(7,103)
Dividends paid	20	(40,157)	(32,126)
Repayment of lease liabilities		(24,701)	(29,344)
Net cash used in financing activities		(78,611)	(68,573)
Net increase/(decrease) in cash and cash equivalents		(16,539)	155,300
Cash and cash equivalents at the beginning of the financial year		266,577	111,277
Cash and cash equivalents at the end of the financial year	11	250,038	266,577

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

Katherine Regional Enterprises Limited
Notes to the financial statements
30 June 2024

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 1/56 Katherine Terrace, Katherine NT 0850.

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 26 August 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

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

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

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

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

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

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

Note 3. Material accounting policy information (continued)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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

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

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:
- The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.
- The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit. The directors are not aware of any such non-compliance at balance date.
- The company has reviewed credit ratings provided by Standard & Poors, Moody's and Fitch Ratings to determine the level of credit exposure to the company.
- The company has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

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

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

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

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

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

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

Estimates and assumptions

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

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, 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. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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

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

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

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

Note 5. Economic dependency

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

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

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

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

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

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. Restatement of comparatives

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 $23,819.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	641,162	581,942
Fee income	26,746	24,712
Commission income	42,937	52,852
	710,845	659,506

Note 7. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers
The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

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

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

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

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

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

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

Fee income
Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

Core banking products
Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

Note 7. Revenue from contracts with customers (continued)

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

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

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

Note 8. Other revenue

	2024 $	2023 $
Market development fund	-	32,500
Other income	27,500	30,000
	27,500	62,500

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

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

All revenue is stated net of the amount of GST.

Accounting policy for market development fund
In previous years Bendigo Bank made market development fund (MDF) payments to the company, which has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF. The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. Bendigo Bank ceased the MDF during the previous year and therefore the company did not receive any contributions during the current financial year.

Note 9. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	206,708	186,420
Superannuation contributions	21,506	18,055
Expenses related to long service leave	440	(1,880)
Other expenses	14,130	25,808
	242,784	228,403

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	9,886	7,488
Plant and equipment	3,679	3,572
	13,565	11,060
Depreciation of right-of-use assets		
Leased land and buildings	29,846	33,039
Amortisation of intangible assets		
Franchise fee	2,196	2,195
Franchise renewal process fee	10,978	10,977
	13,174	13,172
	56,585	57,271

Finance costs

	2024 $	2023 $
Lease interest expense	13,753	7,103
Unwinding of make-good provision	1,164	1,350
	14,917	8,453

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

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	4,691	5,176
Expenses relating to short-term leases	1,080	1,080
	5,771	6,256

Note 10. Income tax

	2024 $	2023 $
Income tax expense		
Movement in deferred tax	(5,419)	(3,091)
Under/over adjustment in respect for prior periods	(993)	-
Recoupment of prior year tax losses	18,267	40,968
Aggregate income tax expense	11,855	37,877
Prima facie income tax reconciliation		
Profit before income tax expense	51,185	151,362
Tax at the statutory tax rate of 25%	12,796	37,841
Tax effect of:		
Non-deductible expenses	52	36
Under/over adjustment in respect for prior periods	(993)	-
Income tax expense	11,855	37,877

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Tax losses	81,664	98,938
Employee benefits	2,283	1,528
Provision for lease make good	3,969	7,228
Accrued expenses	1,050	1,000
Lease liabilities	87,225	33,454
Right-of-use assets	(82,173)	(33,377)
Property, plant and equipment	(3,435)	(6,334)
Deferred tax asset	90,583	102,437

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

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

Accounting policy for deferred tax
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 11. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	250,038	266,577

Note 12. Trade and other receivables

	2024 $	2023 $
Trade receivables	54,700	64,156
Amounts receivable from ATO	2,525	-
Prepayments	4,959	5,677
	62,184	69,833

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 13. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	147,451	147,451
Less: Accumulated depreciation	(95,280)	(85,394)
	52,171	62,057
Plant and equipment - at cost	77,884	77,884
Less: Accumulated depreciation	(61,459)	(57,780)
	16,425	20,104
	68,596	82,161

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	57,870	21,485	79,355
Additions	11,675	2,191	13,866
Depreciation	(7,488)	(3,572)	(11,060)
Balance at 30 June 2023	62,057	20,104	82,161
Depreciation	(9,886)	(3,679)	(13,565)
Balance at 30 June 2024	52,171	16,425	68,596

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

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

Leasehold improvements	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.

Note 13. Property, plant and equipment (continued)

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

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

Note 14. Right-of-use assets

	2024 **$**	**2023** **$**
Land and buildings - right-of-use	473,660	248,626
Less: Accumulated depreciation	(144,966)	(115,119)
	328,694	133,507

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	156,725
Remeasurement adjustments	9,821
Depreciation expense	(33,039)
Balance at 30 June 2023	133,507
Remeasurement adjustments	225,033
Depreciation expense	(29,846)
Balance at 30 June 2024	328,694

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

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

Refer to note 17 for more information on lease arrangements and the remeasurement adjustments.

Note 15. Intangible assets

	2024 **$**	**2023** **$**
Franchise fee	43,532	43,532
Less: Accumulated amortisation	(36,946)	(34,750)
	6,586	8,782
Franchise renewal fee	167,664	167,664
Less: Accumulated amortisation	(134,732)	(123,754)
	32,932	43,910
	39,518	52,692

Note 15. Intangible assets (continued)

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	-	-	-
Additions	10,977	54,887	65,864
Amortisation expense	(2,195)	(10,977)	(13,172)
Balance at 30 June 2023	8,782	43,910	52,692
Amortisation expense	(2,196)	(10,978)	(13,174)
Balance at 30 June 2024	6,586	32,932	39,518

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2027

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

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

Note 16. Trade and other payables

	2024 $	**2023 $**
Current liabilities		
Trade payables	1,024	60,158
Other payables and accruals	29,136	27,344
	30,160	87,502
Non-current liabilities		
Other payables and accruals	28,980	43,470

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	37,643	31,095
Non-current liabilities		
Land and buildings lease liabilities	311,256	102,722

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	133,817	153,340
Remeasurement adjustments	239,783	9,821
Lease interest expense	13,753	7,103
Lease payments - total cash outflow	(38,454)	(36,447)
	348,899	133,817

Remeasurement adjustments
During the period the company remeasured the lease liability and right-of-use asset to include the 2 x 5 year renewal options available in the lease agreement which are reasonably certain to be exercised.

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
Katherine Branch	6.25%	5 years	2 x 5 years	Yes	July 2037

Note 18. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	803,139	803,139	803,139	803,139
Less: Equity raising costs	-	-	(41,099)	(41,099)
	803,139	803,139	762,040	762,040

Note 18. Issued capital (continued)

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.

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 313. As at the date of this report, the company had 331 shareholders (2023: 334 shareholders).

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

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

Note 18. Issued capital (continued)

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

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

Note 19. Capital management

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

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

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

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

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

Note 20. Dividends

The following dividends were declared 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 5 cents per share (2023: 4 cents)	40,157	32,126

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

Note 21. Financial risk management

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

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

Note 21. Financial risk management (continued)

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

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

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

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 12)	54,700	64,156
Cash and cash equivalents (note 11)	250,038	266,577
	304,738	330,733
Financial liabilities at amortised cost		
Trade and other payables (note 16)	59,140	130,972
Lease liabilities (note 17)	348,899	133,817
	408,039	264,789

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.

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.

Note 21. Financial risk management (continued)

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $250,038 at 30 June 2024 (2023: $266,577).

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

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

The following are the company's 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.

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	30,160	28,980	-	59,140
Lease liabilities	38,780	155,120	310,238	504,138
Total non-derivatives	68,940	184,100	310,238	563,278

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	87,502	43,470	-	130,972
Lease liabilities	36,828	110,484	-	147,312
Total non-derivatives	124,330	153,954	-	278,284

Note 22. Key management personnel disclosures

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

Iain Connor Locke
Merrilyn Elizabeth Stopp
Jason Edward Hillier
Jacqueline Patrica Christie
Stephen Mark Charles

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 23. Related party transactions

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

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

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

Transactions with related parties
There were no transactions with related parties during the current and previous financial year.

Note 24. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,450	5,400
Other services		
Taxation advice and tax compliance services	700	660
General advisory services	3,470	2,830
Share registry services	5,233	4,569
	9,403	8,059
	15,853	13,459

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

	2024 $	2023 $
Profit after income tax expense for the year	39,330	113,485
Adjustments for:		
Depreciation and amortisation	56,585	57,271
Lease liabilities interest	13,753	7,103
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	7,649	(26,280)
Decrease in deferred tax assets	11,854	37,877
Increase/(decrease) in trade and other payables	(58,177)	60,726
Increase/(decrease) in employee benefits	3,016	(619)
Increase in other provisions	1,235	1,349
Net cash provided by operating activities	75,245	250,912

Note 26. Earnings per share

	2024 $	2023 $
Profit after income tax	39,330	113,485
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	803,139	803,139
Weighted average number of ordinary shares used in calculating diluted earnings per share	803,139	803,139
	Cents	**Cents**
Basic earnings per share	4.90	14.13
Diluted earnings per share	4.90	14.13

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Katherine Regional Enterprises Limited by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Katherine Regional Enterprises Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the Corporations Act 2001 does not apply to the entity.

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

On behalf of the directors

____
Merrilyn Elizabeth Stopp
Secretary

26 August 2024

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

Independent auditor's report to the Directors of Katherine Regional Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Katherine Regional Enterprises Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Katherine Regional Enterprises Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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

Other Information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial Report

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

Andrew Frewin Stewart
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03 5443 0344

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 August 2024

Lachlan Tatt
Lead Auditor

Community Bank Katherine
1/56 Katherine Terrace, Katherine NT 0850
Phone: 08 89721784
Email: KatherineMailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/Katherine

Franchisee: Katherine Regional EnterpriseS Limited
PO BOX 69 Katherine NT 0851
Phone: 0429 706025
Email: secretary@krel.net.au
ABN: 57 121 062 146

Share Registry
AFS & Associates Pty Ltd
PO Box 454 Bendigo Vic 3552
Phone: 03 5443 0344
Email: shareregistry@afsbendigo.com.au