Annual Report 2024

Kyabram & District Community Limited

Community Bank
Kyabram & District

ABN 79 605 600 217

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www.bendigobank.com.au/branch/vic/community-bank-kyabram-district/
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Chair's report

Community Bank Kyabram & District's 2023-2024 financial performance was not as strong as the previous year. Revenue, and subsequently profit was down by about $150,000 as margins contracted in the banking industry. Nevertheless, it was still a good result with the business solidly profitable, our cash flow and cash reserves very strong, our Community Investment growing significantly, and two dividends' payments being made to our shareholders

The year has been a period of restructure and renewal as we laid the groundwork for future growth. Our previous manager moved on to take up other opportunities within the Bendigo Bank network, but we've been delighted to promote our Customer Relationship Manager (CRM), Melissa Roberts to the Branch Manager role. Mel has been with our Community Bank since its inception in 2016 and has a very good understanding of both our business and the local Kyabram community.

Mel's first major challenge was to rebuild the rest of the staffing in the branch following the resignation or retirement of several of our staff. It took a substantial effort, but with tremendous assistance from our Customer Relationship Officer (CRO), Cameron Vickers, they kept the branch operating and rebuilt the team into what is now a very cohesive and happy unit.

On the Board of Directors side, we have also faced significant change as our long-time treasurer, John DeGirolamo retired. John fulfilled the role on a voluntary basis for 9 years and we owe him an enormous debt of gratitude for his contribution. Due to the ever-increasing complexity of the role, we have filled the bookkeeping / financial reporting aspect of the role with an experienced paid contractor who currently works with several other Community Bank enterprises.

Our previous Chair Brent Sutton also resigned from the board. Brent has played an integral part in establishing our Community Bank with his strong community focus and his financial expertise. He, and his firm, also very generously provided, at no charge, the office space for our weekly meetings in the three years that it took us to plan the establishment of Community Bank Kyabram & District. Once again, we are extremely appreciative of Brent's contribution over the past 11 years. Following Brent's departure, I stepped back into the Chair's role.

Our Community Bank has a great story to tell with all the successes that we've had and it's these good stories that should help us to attract more customers and further grow the business. However, as volunteers, we have always struggled to find the time and the right skills to market the business appropriately. Given the sound financial position of the business, we have made the decision to contract a marketing specialist and have been fortunate to secure the services of someone highly experienced in the Community Bank sector.

The renewal has continued with the recent completion of our five-year Strategic Plan and the development of our Marketing Plan. We are also midway through redeveloping our Community Investment Strategy. Combined, these three resources will give us a clear direction to steer the business and greatly assist with our management and decision making.

The last two pieces of the restructuring puzzle are the creation of a Community Engagement role within the business & the renewal of the Board of Directors. Once complete, we should have all the resources in place to drive the business forward and make more substantial investments in our community in the future.

Vincent Anthony Curtis
Chair

Manager's report

It is with immense pleasure that I write this report for 2024 as Branch Manager of Community Bank Kyabram & District. Now in my 2nd year in the role as Branch Manager with a brand new team, I look forward working alongside our shareholders, staff and board for the foreseeable future.

Our key point of difference continues to be the Community Bank model and our unmatched face to face service, despite 2024 proving to be another challenging year where we faced unprecedented staffing changes. Our team looks very different today than it did 12 months ago with three of our newest staff being with us for only a short period of three months. As a result, at times the branch operated with minimal staff and required lunch closures. The team remained positive, and we worked very hard to operate business as usual to work towards Lending and Deposits growth as well as continue our commitment to customer service and we would like to thank our customers for their patience during this time while we worked towards putting together and training our new team.

Despite the challenges, total Growth for the financial year was $7.6 million, which was well above our budgeted target of $6.15 million. This was mostly attributed to significant deposit growth of 219% for the financial year with competitive deposit rates on offer throughout most of the financial year. While we were short of our $1.2 million lending growth target, we still achieved lending growth of $911K. New lending settlements totalled $2.15 million however growth was hindered by higher property sales resulting in loan discharges but on a positive note, refinances only making up a small portion of discharges due to our focus on customer retention.

On a community perspective, we have provided much needed funding to local community groups via our sponsorships and Grants program. Community Banking is based on a 'profit-with-purpose' model and it is a privilege to work for Community Bank Kyabram & District and see first hand the incredible things our customers everyday banking can do for our community.

I would like to take the opportunity to thank our shareholders and customers, simply by banking with us you can help us make a real difference. I would also like to express my gratitude to the Board who volunteer their time and services to support myself and the team, which allows us to remain committed to providing a high level of service to our customers. On a final note, I would like to take this opportunity to thank Meaghan, Cameron and Jude who have supported me during my time as Branch Manager and warmly welcome our new staff Tess, Brianna and Fiona to the team.

Melissa Roberts
Branch Manager

Kyabram & District Community Limited

ABN: 79 605 600 217

Financial Report

For the year ended
30 June 2024

Directors' Report

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:

Vincent Anthony Curtis
Chair, Marketing and Sponsorship Committee

Experience and expertise: Holds a Bachelor of Economics (Business) from Monash University. 10 years as a manager of Abbeu Funerals in Melbourne, 15 years as a franchisee of Bakers Delight Kyabram. Vincent is also a past President of Rotary Club of Bundoora.

Ian Thomas Hamono
Finance Committee, Governance Committee

Experience and expertise: Holds a Bachelor of Engineering (Mech). Operates an intensive summer and winter cropping business. Horticulture/landscaping trainer. Retired professional engineer and past school councillor.

Dale Phillip Denham
Marketing and Sponsorship Committee

Experience and expertise: Holds an Associate Diploma of Civil Engineering. Manager/owner of a building design business and a Registered Building Practitioner in Victoria. Committee member of Kyabram Development Group, past member of Kyabram P-12 College.

Donna Beverley Mulcahy
Non-executive director

General Manager at Water Partners (Aust) Ltd a registered Not for Profit organisation based in Kyabram. Board Director and Vice Chair from 2018-2022 at Kyabram & District Health. HR Manager at Rich River Golf Club. Remuneration & Benefits Manager at Metropolitan Fire Brigade 2015-2018. Acting Human Resources Director at Metropolitan Fire Brigade 2016-2017. Business Manager at Kyabram Community & Learning Centre 2015. MAICD, Certified Payroll Specialist, Mentor.

Rory John Kerr
Non-executive director

Experience and expertise: Rory holds a Bachelor of Pharmacy from Monash University and owns a local pharmacy. He is also a company director and Justice of the Peace. Rory was a member of the Kyabram Community Bank Steering Committee.

Lisa Maree McPherson
Non-executive director

Certified Financial Planner since 2000 licensed for Investment strategies including gearing and savings plans, Budget and cash flow planning, Superannuation advice, including salary sacrifice and consolidation strategies, Self-Managed Super Funds (SMSF), Personal insurance strategies, Centrelink / DVA advice, Retirement planning advice, Aged Care, Advice on ownership and structures (e.g. discretionary and family trusts), Portfolio review services, Ongoing advisory services and Listed Securities. Master of Financial Planning 2006, Financial Planning Association of Australia (FPA) member, Director Lifestyle Financial Planning Services (2) Pty Ltd (2011-2021), Director Harvest Wealth Pty Ltd (2021 – present), General Committee member – Kyabram Swimming Club (2018 till present). Previous Bank Employee at ANZ and Macquarie Bank.

Brent John Sutton
Finance Committee & Sponsorship Committee (resigned 27 February 2024)

Brent is a Chartered Accountant, Registered Tax Agent and ASIC Registered Self Managed Super Fund Auditor. He also has achieved a bachelor of Business (Accounting) and is the current Treasurer at Kyabram Northern Oval Committee of Management and the Stanhope Football Netball Club Inc. Brent is also the Owners Corp Manager - Aldersyde Estate Owners Corp and the past President - Kyabram Junior Football Club & Kyabram U16 Football Committee.

John De Girolamo
Finance Committee (resigned 9 February 2024)

Holds a Bachelor of Business Studies (Accounting). 30 years experience in the water industry in various accounting and managerial roles.

Emma-Kate Hince
Non-executive director (resigned 9 October 2023)

Emma-Kate has experience as an assistant Project manager at Northern Construction Group, Shipping and Export Officer at Goulburn Valley Creamery and Resort & Spa Manager at ClubMulwala. She also volunteers at Campaspe Animal Shelter. She has an Advanced Diploma in Beauty Therapy and Advanced Diploma in Hospitality Management and HR.

Company Secretary

The company secretary is Michelle Louise Baker. Michelle was appointed to the position of company secretary on 29 November 2016.

Experience and expertise: Michelle is an experienced bookkeeper and holds a Bachelor of Arts and an Advanced Diploma of Business (Marketing).

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 $177,180 (30 June 2023: $315,160).

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 $
Unfranked dividend of 8 cents per share (2023: nil)	68,349
Unfranked interim dividend of 5 cents per share (2023: nil)	42,718
	111,067

Significant changes in the state of affairs

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

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Directors' report (continued)

Meetings of directors

The number of directors meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

	Board		Marketing & Sponsorship Committee		Finance & Audit Committee		Risk & Governance Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Vincent Anthony Curtis	11	8	3	3	-	-	-	-
Ian Thomas Hamono	11	9	-	-	-	-	-	-
Dale Phillip Denham	11	9	3	3	-	-	-	-
Rory John Kerr	11	7	-	-	-	-	-	-
David James Blake	11	8	-	-	-	-	-	-
Donna Beverley Mulcahy	11	10	-	-	-	-	-	-
Lisa Maree McPherson	11	8	-	-	-	-	1	1
Brent John Sutton	7	4	-	-	2	2	-	-
John De Girolamo	6	5	-	-	2	2	-	-
Emma-Kate Hince	3	1	-	-	-	-	-	-

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

Environmental regulation

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

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.

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.

Directors' report (continued)

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
Vincent Anthony Curtis	25,502	-	25,502
Ian Thomas Hamono	5,001	-	5,001
Dale Phillip Denham	501	-	501
Rory John Kerr	10,001	-	10,001
David James Blake	4,001	-	4,001
Donna Beverley Mulcahy	-	-	-
Lisa Maree McPherson	-	-	-
Brent John Sutton	16,001	-	16,001
John De Girolamo	2,501	-	2,501
Emma-Kate Hince	-	-	-

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.

Directors' report (continued)

Non-audit services

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

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Vincent Anthony Curtis
Chair

6 September 2024

Auditor's independence declaration

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

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

As lead auditor for the audit of Kyabram & District Community 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: 6 September 2024

Joshua Griffin
Lead Auditor

Financial statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	7	915,012	1,078,071
Other revenue		-	10,000
Finance revenue		19,971	1,361
Total revenue		934,983	1,089,432
Employee benefits expense	8	(420,289)	(439,713)
Advertising and marketing costs		(4,990)	(2,826)
Occupancy and associated costs		(11,425)	(15,587)
System costs		(38,781)	(41,597)
Depreciation and amortisation expense	8	(53,916)	(56,169)
Finance costs	8	(10,021)	(9,599)
General administration expenses		(78,656)	(57,721)
Total expenses before community contributions and income tax expense		(618,078)	(623,212)
Profit before community contributions and income tax expense		316,905	466,220
Charitable donations and sponsorships expense		(83,376)	(46,006)
Profit before income tax expense		233,529	420,214
Income tax expense	9	(56,349)	(105,054)
Profit after income tax expense for the year		177,180	315,160
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		177,180	315,160
		Cents	**Cents**
Basic earnings per share	28	20.74	36.89
Diluted earnings per share	28	20.74	36.89

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

Financial statements (continued)

Statement of financial position

As at June 30 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	246,414	141,220
Trade and other receivables	11	92,389	83,600
Investments	12	415,321	381,306
Total current assets		754,124	606,126
Non-current assets			
Property, plant and equipment	13	34,319	54,100
Right-of-use assets	14	181,470	167,095
Intangible assets	15	22,588	35,495
Deferred tax assets	9	40,348	32,063
Total non-current assets		278,725	288,753
Total assets		1,032,849	894,879
Liabilities			
Current liabilities			
Trade and other payables	16	62,863	39,574
Lease liabilities	17	27,406	17,391
Current tax liabilities	9	39,587	10,193
Employee benefits	18	40,857	22,717
Provisions	19	50,944	-
Total current liabilities		221,657	89,875
Non-current liabilities			
Trade and other payables	16	-	14,501
Lease liabilities	17	131,438	172,750
Employee benefits	18	1,350	5,462
Total non-current liabilities		132,788	192,713
Total liabilities		354,445	282,588
Net assets		678,404	612,291
Equity			
Issued capital	20	835,752	835,752
Accumulated losses		(157,348)	(223,461)
Total equity		678,404	612,291

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

Financial statements (continued)

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

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		835,752	(538,621)	297,131
Profit after income tax expense		-	315,160	315,160
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	315,160	315,160
Balance at 30 June 2023		835,752	(223,461)	612,291

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2023		835,752	(223,461)	612,291
Profit after income tax expense		-	177,180	177,180
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	177,180	177,180
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	22	-	(111,067)	(111,067)
Balance at 30 June 2024		835,752	(157,348)	678,404

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

Financial statements (continued)

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)		1,013,167	1,181,529
Payments to suppliers and employees (inclusive of GST)		(701,138)	(767,472)
Interest received		13,842	1,361
Income taxes paid		(35,240)	-
Net cash provided by operating activities	27	290,631	415,418
Cash flows from investing activities			
Payments for investments		(34,015)	(271,306)
Payments for property, plant and equipment		-	(6,058)
Payments for intangible assets		(13,183)	(13,183)
Net cash used in investing activities		(47,198)	(290,547)
Cash flows from financing activities			
Interest and other finance costs paid		(10,011)	(9,599)
Dividends paid	22	(111,067)	-
Repayment of lease liabilities		(17,161)	(18,460)
Net cash used in financing activities		(138,239)	(28,059)
Net increase in cash and cash equivalents		105,194	96,812
Cash and cash equivalents at the beginning of the financial year		141,220	44,408
Cash and cash equivalents at the end of the financial year	10	246,414	141,220

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

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Reporting entity

The financial statements cover Kyabram & District Community 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 Albion Arcade Shop 1, 171 Allan Street, Kyabram VIC 3620.

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

Note 3. Material accounting policy information

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

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

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

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

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

Accounting standards issued but not yet effective

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

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

Note 3. Material accounting policy information (continued)

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

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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

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

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

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

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

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

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

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

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

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

Estimates and assumptions

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

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in March 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 Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Change to comparative figures

Classification of term deposits

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

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

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

- Cash and cash equivalents decreased and investments increased by $381,306 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

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

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

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by $51,931.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	821,979	982,915
Fee income	50,533	47,443
Commission income	42,500	47,713
	915,012	1,078,071

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.

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	341,197	374,355
Superannuation contributions	37,562	42,108
Expenses related to long service leave	4,979	(864)
Other expenses	36,551	24,114
	420,289	439,713

Accounting policy for seconded employees
Bendigo Bank seconds a portion of employees to work for the company. Bendigo Bank charges the cost of these employees through the monthly profit share arrangement. The company recognises these expenses when recording the monthly invoice. No annual leave or long service leave liabilities are recognised for these employees as they are Bendigo Bank employees.

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	17,306	19,091
Plant and equipment	1,855	1,885
Furniture and fittings	620	545
	19,781	21,521
Depreciation of right-of-use assets		
Leased land and buildings	21,228	21,740
Amortisation of intangible assets		
Franchise fee	2,152	2,151
Franchise renewal fee	10,755	10,757
	12,907	12,908
	53,916	56,169

Finance costs

	2024 $	2023 $
Lease interest expense	10,021	9,599

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

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	10,604	16,143

Notes to the Financial statements (continued)
For the year ended 30 June 2024

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	66,667	10,193
Movement in deferred tax	(8,285)	831
Under/over adjustment	(2,033)	-
Recoupment of prior year tax losses	-	94,030
Aggregate income tax expense	56,349	105,054
Prima facie income tax reconciliation		
Profit before income tax expense	233,529	420,214
Tax at the statutory tax rate of 25%	58,382	105,054
Under/over adjustment	(2,033)	-
Income tax expense	56,349	105,054

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Expense accruals	1,050	-
Employee benefits	10,552	7,045
Lease liabilities	39,711	47,536
Provision for lease make good	12,736	-
Income accruals	(1,533)	-
Right-of-use assets	(45,367)	(41,774)
Property, plant and equipment	23,199	19,256
Deferred tax asset	40,348	32,063

	2024 $	2023 $
Provision for income tax	39,587	10,193

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

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

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

Note 10. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	246,414	141,220

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	78,795	79,320
Accrued income	6,129	-
Prepayments	7,465	4,280
	13,594	4,280
	92,389	83,600

Accounting policy for trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

Note 12. Investments

	2024 $	2023 $
Current assets		
Term deposits	415,321	381,306

Note 13. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	201,704	201,704
Less: Accumulated depreciation	(173,135)	(155,829)
	28,569	45,875
Furniture and fittings - at cost	11,958	11,958
Less: Accumulated depreciation	(9,638)	(9,018)
	2,320	2,940
Plant and Equipment - at cost	26,106	26,106
Less: Accumulated depreciation	(22,676)	(20,821)
	3,430	5,285
	34,319	54,100

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and Equipment $	Furniture and fittings $	Total $
Balance at 1 July 2022	64,966	4,212	385	69,563
Additions	-	2,958	3,100	6,058
Depreciation	(19,091)	(1,885)	(545)	(21,521)
Balance at 30 June 2023	45,875	5,285	2,940	54,100
Depreciation	(17,306)	(1,855)	(620)	(19,781)
Balance at 30 June 2024	28,569	3,430	2,320	34,319

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	7 to 10 years
Plant and equipment	5 to 10 years
Furniture and fittings	7 years

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

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

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

Note 14. Right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	280,055	244,451
Less: Accumulated depreciation	(98,585)	(77,356)
	181,470	167,095

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

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	188,059
Remeasurement adjustments	776
Depreciation expense	(21,740)
Balance at 30 June 2023	167,095
Remeasurement adjustments	35,603
Depreciation expense	(21,228)
Balance at 30 June 2024	181,470

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 $	2023 $
Franchise fee	20,756	20,756
Less: Accumulated amortisation	(16,992)	(14,840)
	3,764	5,916
Franchise renewal fee	53,782	53,782
Less: Accumulated amortisation	(34,958)	(24,203)
	18,824	29,579
	22,588	35,495

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	8,067	40,336	48,403
Amortisation expense	(2,151)	(10,757)	(12,908)
Balance at 30 June 2023	5,916	29,579	35,495
Amortisation expense	(2,152)	(10,755)	(12,907)
Balance at 30 June 2024	3,764	18,824	22,588

Note 15. Intangible assets (continued)

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

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

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

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

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

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	6,909	-
Other payables and accruals	55,954	39,574
	62,863	39,574
Non-current liabilities		
Other payables and accruals	-	14,501

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	62,863	54,075
less other payables and accruals (net GST payable to the ATO)	(22,136)	(21,136)
	40,727	32,939

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	27,406	17,391
Non-current liabilities		
Land and buildings lease liabilities	131,438	172,750

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	190,141	207,825
Remeasurement adjustments	(14,136)	776
Lease interest expense	10,011	9,599
Lease payments - total cash outflow	(27,172)	(28,059)
	158,844	190,141

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
Branch Lease	7.50%	5 years	1 x 5 years	Yes	March 2031

Note 18. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	17,170	8,994
Long service leave	23,687	13,723
	40,857	22,717
Non-current liabilities		
Long service leave	1,350	5,462

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

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

Notes to the Financial statements (continued)

For the year ended 30 June 2024

Note 18. Employee benefits (continued)

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

Note 19. Provisions

	2024 $	2023 $
Lease make good	50,944	-

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 $82,500 for the lease, based on experience and consideration of the expected future costs to remove all fittings as well as cost to remedy any damages caused during the removal process. The lease is due to expire in March 2031 at which time it is expected the face-value costs to restore the premises will fall due.

Note 20. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	854,361	854,361	854,361	854,361
Less: Equity raising costs	-	-	(18,609)	(18,609)
	854,361	854,361	835,752	835,752

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
<u>Voting rights</u>
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.

<u>Dividends</u>
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).

Note 20. Issued capital (continued)

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 239. As at the date of this report, the company had 268 shareholders (2023: 267 shareholders).

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

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

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

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

Note 21. Capital management

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

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

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

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

Notes to the Financial statements (continued)
For the year ended 30 June 2024

Note 21. Capital management (continued)

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

Note 22. Dividends

Dividends provided for and paid during the period
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 8 cents per share (2023: nil)	68,349	-
Unfranked interim dividend of 5 cents per share (2023: nil)	42,718	-
	111,067	-

Franking credits

	2024 $	2023 $
Franking credits (debits) arising from income taxes paid (refunded)	35,240	-
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	35,240	-
Franking credits (debits) that will arise from payment (refund) of income tax	39,587	10,193
Franking credits available for future reporting periods	74,827	10,193

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

Note 23. Financial risk management

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

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

The directors have identified that the only significant financial risk exposures of the consolidated entity 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.

Note 23. Financial risk management (continued)

	2024 $	2023 $
Financial assets		
Trade and other receivables	84,924	79,320
Cash and cash equivalents	246,414	141,220
Term deposits	415,321	381,306
	746,659	601,846
Financial liabilities		
Trade and other payables	40,727	32,939
Lease liabilities	158,844	190,141
	199,571	223,080

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

Accounting policy for financial instruments

Financial assets

Classification

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 then it is extinguished, cancelled or expires.

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. The company held cash and cash equivalents of $246,414 and investments of $415,321 at 30 June 2024 (2023: $141,220 and $381,306).

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.

Notes to the Financial statements (continued)
For the year ended 30 June 2024

Note 23. Financial risk management (continued)

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	62,863	-	-	62,863
Lease liabilities	27,406	135,002	32,442	194,850
Total non-derivatives	90,269	135,002	32,442	257,713

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	39,574	14,501	-	54,075
Lease liabilities	26,157	118,540	84,230	228,927
Total non-derivatives	65,731	133,041	84,230	283,002

Note 24. Key management personnel disclosures

The following persons were directors of Kyabram & District Community Limited during the financial year: and up to the date of signing of these Financial Statements.

Vincent Anthony Curtis	Donna Beverley Mulcahy
Ian Thomas Hamono	Lisa Maree McPherson
Dale Phillip Denham	Brent John Sutton
Rory John Kerr	John De Girolamo
David James Blake	Emma-Kate Hince

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

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

Note 25. Related party transactions

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

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

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2024

Note 25. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	2024 $	2023 $
During the year a sponsorship was made to Stanhope Football Netball Club of which a director is the Treasurer. The total benefit received was:	2,000	-
During the year a sponsorship was made to Kyabram Development Committee of which a director is a Committee Member. The total benefit received was:	20,000	-
During the year sponsorships were made to Kyabram Parkland Golf Club of which a director is a Committee Member. The total benefit received was:	14,449	-
During the year a sponsorship was made to Kyabram P12 College of which a director is a Committee Member. The total benefit received was:	150	-
During the year a director's daughter received a CEF sponsorship. The total benefit received was:	2,500	-
During the year a sponsorship was made to Kyabram Swimming Club of which a director is a Treasurer. The total benefit received was:	2,500	-

Note 26. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	7,030	5,400
Other services		
Taxation advice and tax compliance services	700	660
General advisory services	3,240	3,740
Share registry services	5,893	2,930
	9,833	7,330
	16,863	12,730

Notes to the Financial statements (continued)

For the year ended 30 June 2024

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

	2024 $	2023 $
Profit after income tax expense for the year	177,180	315,160
Adjustments for:		
Depreciation and amortisation	53,916	56,169
Lease liabilities interest	10,011	9,599
Change in operating assets and liabilities:		
Increase in trade and other receivables	(8,789)	(15,108)
Decrease/(increase) in deferred tax assets	(8,285)	94,861
Increase/(decrease) in trade and other payables	23,166	(37,409)
Increase in provision for income tax	29,394	10,193
Increase/(decrease) in employee benefits	14,028	(18,047)
Increase in other provisions	10	-
Net cash provided by operating activities	290,631	415,418

Note 28. Earnings per share

	2024 $	2023 $
Profit after income tax	177,180	315,160
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	854,361	854,361
Weighted average number of ordinary shares used in calculating diluted earnings per share	854,361	854,361
	Cents	**Cents**
Basic earnings per share	20.74	36.89
Diluted earnings per share	20.74	36.89

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Directors' declaration

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

Vincent Anthony Curtis
Chair

6 September 2024

Independent audit report

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

Independent auditor's report to the Directors of Kyabram & District Community Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Kyabram & District Community 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 Kyabram & District Community 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.

Independent audit report (continued)

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 September 2024

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

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Bendigo Bank