

Annual Report 2024

Lara District Community
Enterprise Limited

Community Bank
Lara District

ABN 67 134 347 087



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Chair's report

For year ending 30 June 2024



Our Board receives great feedback on our staff, the majority of whom live, work and play in our community. Our staff are the face of our business, and we are indebted to them in the way they work to provide great service and grow our business.

It is my pleasure to present the Chair report for the year ending 30 June 2024. Once again, this last year has been a record year for us in terms of our support of Lara, Little River and Anakie communities.

In fact, for the 2023/24 year, we invested a record \$458,207 back into our region, supporting over 50 different organisations. It is these organisations that contribute to the fabric of our great community.

This last year we were able to increase our dividend to 10 cents per share as well as an additional bonus of 2 cents per share in recognition of reaching \$2,000,000 back to our Lara, Little River and Anakie districts since inception.

As at the end of this financial year our total investment supporting groups and funding various projects has now reached \$2.89 million since we commenced trading 15 years ago.

Community Bank Lara District's customer base has continued to grow with a total of 5,435 customers. Net Profit (after donations and grants of \$458,207 in addition to \$150,000 placed into the Community Enterprise Foundation to fund future projects) for the Lara District Community Enterprise was \$393,000 (pre-tax).

Community Bank Lara District's total banking business of \$256,000,000 is similar to last year, which is reflective of a slowing economy and cost of living pressures impacting people's ability to save and take on new borrowings.

During the year your Board held a planning day with support of our Corporate partners resulting in an updated strategic plan to ensure it was in line with the emerging needs of our community.

Our Board farewelled Alistair Bullock who resigned during the year to focus on his private business interests. We also farewelled Ann Butcher after 10 years serving on our Board. The Board appointed Kylie Grzybek to the Board of Directors in June. I would like to thank Alistair and Ann for their work and warmly welcome Kylie who brings a wealth of community experience to our Board.

Thank you to all our shareholders who support what we do in our community. Once again it was very pleasing to have new shareholders join the register this year. As a company we welcome new shareholders and see it as a vote of confidence in what we do.

Our partners at Bendigo Bank have continued to support us and along with other Community Banks in the Geelong region we have the most physical branches of any bank in the region. We wish to acknowledge the support we receive from the Geelong Regional office.

Our Board receives great feedback on our staff, the majority of whom live, work and play in our community. Our staff are the face of our business, and we are indebted to them in the way they work to provide great service and grow our business.

In terms of staff movements, we welcomed Ravi, Deb and Hollie to our branch. Over the year we said farewell to Jesse, Isabella and Shaffon.

Chair's report (continued)

This year we were super pleased to appoint Kyna Woodford as our new Branch Manager on her return from maternity leave. This appointment followed a promotional opportunity for Jesse Church within the Bendigo Corporate banking operations.

Kyna, a Lara local, joined our branch back in 2016 and has held each role in our branch; as such, she brings great knowledge to her role as well as a passion for the Lara community.

As always, our staff look forward to providing a great banking service, and as a Board there is nothing more rewarding than supporting a huge range of groups who add to the fabric of the Lara, Little River and Anakie communities. As our community continues to grow, the challenges to our schools, sporting clubs and service groups, along with pressures on passive recreation areas also increases. As a Community Bank, we see this as an opportunity to provide support to many groups so they can meet the needs of their current and future members as well as the general community.

On a personal note, I would like to thank each of our Directors and Sheyne Berry, our Administrative Support Officer for their work in this past year.

Banking is our business; Community is our purpose.



Andrew Hilliard
Chair Lara District Community Enterprise Limited

Manager's report

For year ending 30 June 2024



We cannot express deeply enough our gratitude to those who continue to bank with Bendigo Bank, advocate for us through referrals and those who tirelessly communicate the importance of Community Banking to the Lara, Anakie and Little River district.

Dear valued customers, staff, Board, and community members, It's hard to believe that another financial year has come to a close!

Financial year 2023/24 saw the RBA cash rate peak at 4.35% and the majority of local households felt the pinch of rising cost-of-living pressures. We at Community Bank Lara District are so proud to have supported our customers through what continues to be, trying financial times for so many.

We cannot express deeply enough our gratitude to those who continue to bank with Bendigo Bank, advocate for us through referrals and those who tirelessly communicate the importance of Community Banking to the Lara, Anakie and Little River district. Without your on-going support, we would not be able to continue to provide such high standards of service to our valued customers and, in turn, the Lara District community.

Despite the economic struggles of the past year, Community Bank Lara District has managed to maintain a strong overall business footing. Our Lending book remains strong, and our Deposit book has seen strong growth. This is an incredible result considering the decreased borrowing power of so many and a strong trend in landlords making the decision to sell investment properties in favour of alternate investment options.

As of the 30 June 2024, the combined branch's business is noted as:

- Total Loans \$95.8 million
- Total Deposits \$160.5 million
- Total Business \$257 million

Our obvious commitment to our customers, ability to adapt to economic change and dedication to providing a wide suite of Bendigo Bank banking products saw our overall customer base grow to over 5,400 in financial year 23/24. We continue to work towards further growth and success in the coming year, providing our district with strong and competitive product offerings from Bendigo Bank whilst striving to deliver our impeccably high standard of service in branch. We continue to endeavour towards our goal of becoming Lara district's bank of choice.

Although the economic trends have seen a slow in the growth of Community Bank Lara District's overall business in relation to most recent years, we have still invested a record \$458,207 back into our region and aided over 50 different organisations reach their individual goals. Our Community Bank model allows our branch to enjoy helping individual customers reach their financial goals, dreams and important life milestones, but equally as important, it allows us to invest in the overall prosperity of the greater Lara District.

Manager's report (continued)

The last financial year also marked an evolution of our wonderful Community Bank Lara District branch. The update in facilities in the latter half of 2023, brought a more modern, fresh feel to the branch whilst keeping the traditional, personalised service that our valued customers have grown to expect.

Last financial year also saw some significant staff changes. We welcomed new Home Lending Specialist Ravinder to the branch. Ravi comes from both a branch and business banking background and has brought new knowledge and fresh enthusiasm into our Home Lending space. He is passionate about helping local families, particularly first-homebuyers enter into the property market. Deb also joins us as Customer Service Officer. Deb has come over from another financial institution and has a wealth of knowledge. She enjoys living and working locally, as she is passionate about giving back to the greater Lara community. Hollie also has joined us as Customer Service officer. She has a customer service background and is excited for the opportunity to work within a Community Bank branch. Over the year we said goodbye to Shaffon and Isabella who left the branch to pursue other goals.

The largest staffing change probably came as we farewelled Branch Manager Jesse, who accepted a promotion with Bendigo corporate as Senior Branch Manager across multiple sites. We truly thank Jesse for all he has done for the branch and Lara District community and wish him well in his new role.

It is a genuine honour to now introduce myself as the new Branch Manager of Community Bank Lara District. I returned to the Branch in February following maternity leave and stepped immediately into the Branch Manager role. I have been a part of the Lara team for almost 9 years now, where I have been lucky enough to work in every role within the branch and with some amazing colleagues, mentors, and now close friends. Outside of the branch, I am Mum to three young boys and am so proud to be raising them in Lara. I have grown up in Lara, was educated here and worked in multiple locally owned businesses. I love our town and feel extremely lucky to be able to work in and for the community that has given so many opportunities to myself and my family.

I feel very privileged to have been given the opportunity to lead this extraordinary, hard-working and committed team that genuinely cares about Lara and the surrounding community. I am also extremely grateful to be working with an incredible Board, who through FY23/24 demonstrated again and again their passion for community and continue to volunteer their time and expertise to help the Lara District thrive.

So finally, I would like to thank you all again and together we look forward to your continued support. This support allows Community Bank Lara District to enable development and prosperity to businesses throughout Lara, Little River and Anakie. It aids us to enable local groups and organisations to connect, thrive and grow through grants and sponsorship. Thank you for continuing to make Bendigo Bank your bank of choice.

Thank you,



Kyna Woodford
Branch Manager Community Bank Lara District

Bendigo and Adelaide Bank report

For year ending 30 June 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2024



COMMUNITY BANK
NATIONAL COUNCIL

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



It's music to our ears

The Lara Big Band

The Lara Big Band started in early 2023 with 6 members. Through word of mouth and advertising, they have grown to 18 members and have played a variety of music events such as our local Music in the Park and on the main stage at the Port Fairy Jazz Festival. We have assisted them with two grants which have allowed them to purchase music stands, promotional banners and instruments. We look forward to seeing where this group's musical journey will take them; they are a wonderful, community minded group of musicians who have shown how the power of music can bring together a diverse range of people whose common goal is a love of music!

The bus (and bikes) stop here!

You Yangs Mountain Bike Club

The You Yangs Mountain Bike Club hold regular events at the You Yangs for riders of all ages and abilities. A large part of organising these days, is arranging transportation up to the trail heads. The group were using buses which were passing their expiry date or needing to hire buses each time which added to expenses. We were excited by this out-of-the-box project and provided \$33,500 to go towards the purchase of an upgraded bus to help shuttle 130+ riders to the trail events.



Picture Perfect

Photo Exhibition

The Lara, Little River and Anakie region inspires us with the beautiful natural settings we have around us. What better way to showcase this than with a photo exhibition? The inaugural exhibition, held at Lara Community Centre was open to everyone no matter their age or experience, based on the theme of "Lara and District." We were treated to some extraordinary talent with 10 locals displaying a selection of their photographs. Congratulations to Ethan Grills, who took out the "people's choice" vote for favourite photo.

Local ode to the Eternal Flame

Lara RSL Sub-branch

This project may seem a simple one, but is there a better way to bring people together than to provide a campfire to sit around and socialise? The sub-branch originally had a portable fire pit which was regularly used at social gatherings so the committee felt it would be beneficial to have a permanent fire pit constructed. We were more than happy to help with this project which provides a focal point in the grounds of the RSL and encourages members to sit and enjoy the warmth while sharing stories and experiences.



A cracking project!

Anakie Primary School

During Term 1, we supported Anakie Primary School with their Community Kitchen and Garden Program. As well as educating the students about food and nutrition, this program is designed to inspire and encourage students to nurture and grow their own produce to bring a real hands-on experience to their education. Our grant allowed them to fund the purchase and construction of a chicken coop to complement the garden beds they already had. Directors and branch staff were given the opportunity to name the chicken coop and 5 of the chickens. We are egg-static to introduce you to Benni, Egbert, Shelly, Omelette and Yolk-o, who live in "The Egg Vault."



Spreading hope far and wide

Hope Bereavement & Barwon Health Foundation

While our main focus is on the districts of Lara, Little River and Anakie, we are keen to support projects outside the immediate region when they have a direct benefit for members of our community.

We were pleased to support Hope Bereavement Geelong with a \$40,000 sponsorship to continue the vital work they do in supporting people with their grief, specifically for those who are experiencing grief of the passing of a baby or child, an adult who passes unexpectedly or those affected by someone who has committed suicide. Hope Bereavement have been servicing the Geelong region for over 30 years and we are keen for them to be able to keep operating.

The Barwon Health Foundation's Critical Care Appeal was sponsored by a number of Community Banks in the Geelong region. We not only contributed \$3,300 to this appeal but held a BBQ fundraiser as part of Barwon's Biggest BBQ weekend where we raised a further \$500 which will be used to purchase significant equipment in the Critical Care Unit of University Hospital.



COMMUNITY

Lions Club Lara - Defibrillator training, Shed apron concreting, Generators

Lara Community Garden & Arts Precinct - Garden Upgrades & Assets

Lara & District Men's Shed - Workshop Lighting

Lions Club of Little River - Furniture

Little Teapot Café & Play - Families finding community

2nd Lara Scouts Group - Tandem Trailer

Lara RSL - Firepit

Lara Heritage & Historical Society - Exhibit Signs

Anakie Community House - Community Christmas Event

Bowl For Your Lives - BBQ & Marquee

Mittagong Girl Guides - Cottage flooring

Lara Lifestyle Village Social Club - IT Equipment

TLC Group - Tree Planting

Lara Big Band - Music Licence, Music Stands, Instruments, Banners

SPORT

Friends of Elcho Park - Solar Battery

Lara Cricket Club - Scoreboard Construction

Lara Golf Club - Golf Carts

Lara Swimming Club - Signage, iPads, Pool Hire, Apparel, Audio Equipment

Geelong Rams Rugby Club - 4 x Sporting Excellence Scholarships

You Yangs Mountain Bike

Club Inc - Shuttle Bus

Lara Netball Club - Pavilion Fitout

Lara Tennis Club - Pavilion Fitout, Court Resurfacing

Geelong Pool Club - Furniture

Lara United Football Club - Spectator Platform Concreting, Fridge/Freezer

Geelong Kettlebell Sports Association - Signs, Banners & Equipment,

Aikijujutsu Australia - Portable Defibrillator

Lara Football, Cricket & Baseball Clubs - Multi-sport Pavilion

EDUCATION

Lara Secondary College - STEM Program, Leadership Camp, Breakfast Program, Academic & Sports Scholarships

Community Enterprise Foundation - University & TAFE scholarship program

Lara Lake Community Pre-School - Better Buddies Project

Anakie Primary School - Brick Fundraiser, Community Kitchen & Garden

Lara Primary School - School logo painting

SPONSORSHIPS

Geelong Youth Engagement Program

Friend in Me

L2P Program

Friends of Kevin Hoffman Walk

Australia Day Breakfast Committee

Lara Golf Club

Lara Football Club

Lara Giants Basketball Club

Lara Cricket Club

2nd Lara Scout Group

Lara Swimming Club - Carnivals

Lara RSL & Soldier On Charity - Kokoda Memorial Challenge

Corio Little Athletics

Lara Bowling Club

Lions Club of Lara - Camp Licola

Lara Little Athletics - Athlete of the Week & Trophies

Geelong Arts Centre

Lara Food Relief Program

Larinda Calisthenics

Lara Food & Wine Festival

Hope Bereavement

Lara Fun Run

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: Andrew MacKenzie Hilliard
Title: Non-executive director
Experience and expertise: Andrew holds a Bachelor of Training and Development. He has extensive experience in the Human Resources profession across a range of industries. Since retiring from full time employment in 2015, a range of short term assignments have been undertaken. Most recently as acting HR manager for an ASX listed company specialising in the manufacture and distribution of 4x4 accessories. Andrew was elected to the Community Bank National Council, one of two regional Victorian and Tasmanian Community Bank representatives during the last year.

Special responsibilities: Chair, Member of Governance, Finance, Community Investment Program and Major Projects Committees

Name: Elizabeth Joy Bate
Title: Non-executive director
Experience and expertise: Retired school teacher who takes an active role in the Lara community and beyond. President of Cancer After Care Group Geelong who have been active in bringing cancer services to Geelong with the opening of the Andrew Love Cancer Centre in 1992 and continued fundraising for equipment donating over \$4m; active in the Lara CFA particularly with community education programs; Chair of the House4Health Advisory committee, (A Barwon Health Foundation project) active roles on Parish Council and the activities at Parish of Lara, Holly Trinity Lara with Christ Church Little River.

Special responsibilities: Deputy Chair, Convenor Community Support Program Committee, member of Governance Committee

Name: Charles John Saliba
Title: Non-executive director
Experience and expertise: Charles has operated a small taxation business from home for the past 35 years. He has a strong banking, finance and taxation background. Charles is currently the accountant for the Laverton Catholic Parish.

Special responsibilities: Finance Committee

Name: Jürgen Ulrich Günther Strauss
Title: Non-executive director
Experience and expertise: Self-employed. Jürgen is the founder of Innovabiz, specialising in digital marketing, website development and lead generation strategies. He also hosts the InnovaBuzz innovation podcast. Jürgen holds B.Sc. (Hons) and PhD in Chemistry, has marketing qualifications from the Wharton Business School and Melbourne Business School. Jürgen has had a 27 year corporate career in chemical R&D, marketing, business management and people management.

Special responsibilities: Major Community Project Committee

Name: Natalie Grace Salcombe Candy
Title: Non-executive director
Experience and expertise: Corporate superannuation professional with over 20 years experience in the financial services industry. Currently employed as a Relationship Manager at Aware Super. Bachelor of Arts degree from the University of Melbourne. Previously held positions on other volunteer committees.

Special responsibilities: Community Investment Program

Directors' report (continued)

Name: Ian Graeme Duff
Title: Non-executive director
Experience and expertise: Self employed CPA accountant and tax agent for 20 years. Involved with Auction at The Mill. Fundraiser for Give Where You Live Charity (Geelong)
Special responsibilities: Treasurer

Name: Kylie Grzybek
Title: Non-executive director (appointed 20 May 2024)
Experience and expertise: Current Executive Advisor at the TAC, Treasurer/Secretary Lara United FC, former Councillor City of Greater Geelong.
Special responsibilities: Nil

Name: Alistair Bullock
Title: Non-executive director (resigned 19 February 2024)
Experience and expertise: Owner/operator of The Cocktail Cart
Special responsibilities: Nil

Name: Ann Elizabeth Butcher
Title: Non-executive director (Resigned 8 January 2024)
Experience and expertise: Ann is the Executive Director for Royal Freemasons Ltd, People Learning and Culture and Community Services. Ann has 15 years experience in executive roles working in Aged Care. Ann has a Masters in Health Management and has studied the Foundations for Directors Course through AICD.
Special responsibilities: Company secretary

Company secretary

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

- Sheyne Maree Berry was appointed company secretary on 29 November 2023.
- Ann Butcher was appointed company secretary on 1 April 2020 and ceased on 8 January 2024.

Experience and expertise: Sheyne Berry commenced in the role of Administration Support Officer for Lara District Community Enterprise Ltd in March 2020. Her experience in administration comes from her various voluntary roles on both the Junior and Senior committees of Lara Football Club, as well as being a committee member and Licencee of Lara Lake Community Pre-School. Sheyne holds a Bachelor of Arts degree (major in Psychology) and a Postgraduate Bachelor of Education degree. She has worked as a primary school teacher at Deer Park Primary School and an Education Support Officer and Teacher Aide at Lara Lake Primary School. She has recently completed a Company Secretary course through Governance Institute Australia.

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 \$303,190 (30 June 2023: \$390,680).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the company declared the following dividends:

	2024
	\$
Fully franked dividend of 12 cents per share (2023: 8 cents)	<u><u>105,600</u></u>

Directors' report (continued)

Since the end of the financial year, the board of directors declared a fully franked dividend to be paid of 12 cents per share. The financial impact of the dividend, amounting to \$105,600, has not been recognised in the financial statements for the financial year ended 30 June 2024, and will be recognised in the subsequent financial statements.

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.

On 11 December 2023, the company entered into a new 5-year franchise agreement with Bendigo Bank, increasing the company's intangible assets by approximately \$71,148.

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

Apart from the dividend declared as discussed above, no other 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

At the company's upcoming AGM for the year ended 30 June 2024, the directors will apply for Social Enterprise accreditation. Social enterprises must do three things:

- Have a defined primary social, cultural or environmental purpose consistent with a public or community benefit, and
- derive a substantial portion of their income from trade, and
- invest efforts and resources into their purpose such that public/community benefit outweighs private benefit.

Should the company become a Social Enterprise, the directors do not expect this will have a material impact on the company's financial statements.

No other 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
Andrew MacKenzie Hilliard	11	10
Elizabeth Joy Bate	11	10
Charles John Saliba	11	11
Jürgen Ulrich Günther Strauss	11	10
Natalie Grace Salcombe Candy	11	10
Ian Graeme Duff	11	11
Kylie Grzybek	2	2
Alistair Bullock	6	3
Ann Elizabeth Butcher	5	4

Eligible: represents the number of meetings held during the time the director held office.

Directors' report (continued)

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Andrew MacKenzie Hilliard	14,500	-	14,500
Elizabeth Joy Bate	6,001	-	6,001
Charles John Saliba	5,001	-	5,001
Jürgen Ulrich Günther Strauss	1,000	-	1,000
Natalie Grace Salcombe Candy	-	-	-
Ian Graeme Duff	6,000	-	6,000
Kylie Grzybek (indirectly)	10,000	-	10,000
Alistair Bullock	-	-	-
Ann Elizabeth Butcher	-	-	-

Shares under option

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

Shares issued on the exercise of options

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

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

Directors' report (continued)

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



Andrew MacKenzie Hilliard
Chair

5th 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 Lara District Community Enterprise Limited

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 5 September 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

Financial statements

Lara District Community Enterprise Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	1,928,875	2,310,713
Other revenue		33,423	26,398
Finance revenue		61,422	10,373
Gain on disposal of assets		6,409	-
Fair value gains on financial assets		-	38,612
Total revenue		<u>2,030,129</u>	<u>2,386,096</u>
Employee benefits expense	8	(698,114)	(644,603)
Advertising and marketing costs		(26,091)	(21,285)
Occupancy and associated costs		(33,583)	(28,225)
System costs		(29,267)	(24,591)
Depreciation and amortisation expense	8	(76,471)	(56,704)
Finance costs		(37,751)	(37,337)
General administration expenses		(123,212)	(132,011)
Fair value losses on financial assets		(4,289)	-
Loss on disposal of assets		-	(3,032)
Total expenses before community contributions and income tax expense		<u>(1,028,778)</u>	<u>(947,788)</u>
Profit before community contributions and income tax expense		1,001,351	1,438,308
Charitable donations, sponsorships and grants expense	8	<u>(608,207)</u>	<u>(925,909)</u>
Profit before income tax expense		393,144	512,399
Income tax expense	9	<u>(89,954)</u>	<u>(121,719)</u>
Profit after income tax expense for the year		303,190	390,680
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u><u>303,190</u></u>	<u><u>390,680</u></u>
		Cents	Cents
Basic earnings per share	28	34.45	44.39
Diluted earnings per share	28	34.45	44.39

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

Financial statements (continued)

Lara District Community Enterprise Limited Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	335,315	226,276
Trade and other receivables	11	83,225	150,075
Investments	12	1,059,511	1,049,601
Total current assets		<u>1,478,051</u>	<u>1,425,952</u>
Non-current assets			
Financial assets	13	620,475	601,632
Property, plant and equipment	14	167,764	64,862
Right-of-use assets	15	605,373	607,493
Intangible assets	16	69,962	19,776
Deferred tax assets	9	21,701	20,683
Total non-current assets		<u>1,485,275</u>	<u>1,314,446</u>
Total assets		<u>2,963,326</u>	<u>2,740,398</u>
Liabilities			
Current liabilities			
Trade and other payables	17	25,005	2,244
Lease liabilities	18	92,008	34,376
Current tax liabilities	9	61,996	72,763
Employee benefits		31,057	15,480
Total current liabilities		<u>210,066</u>	<u>124,863</u>
Non-current liabilities			
Lease liabilities	18	709,438	772,072
Employee benefits		5,014	2,849
Lease make good provision		9,911	9,307
Total non-current liabilities		<u>724,363</u>	<u>784,228</u>
Total liabilities		<u>934,429</u>	<u>909,091</u>
Net assets		<u>2,028,897</u>	<u>1,831,307</u>
Equity			
Issued capital	19	857,526	857,526
Retained earnings		1,171,371	973,781
Total equity		<u>2,028,897</u>	<u>1,831,307</u>

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

Financial statements (continued)

Lara District Community Enterprise Limited Statement of changes in equity For the year ended 30 June 2024

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		857,526	653,502	1,511,028
Profit after income tax expense		-	390,680	390,680
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	390,680	390,680
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(70,401)	(70,401)
Balance at 30 June 2023		<u>857,526</u>	<u>973,781</u>	<u>1,831,307</u>
Balance at 1 July 2023		857,526	973,781	1,831,307
Profit after income tax expense		-	303,190	303,190
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	303,190	303,190
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(105,600)	(105,600)
Balance at 30 June 2024		<u>857,526</u>	<u>1,171,371</u>	<u>2,028,897</u>

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

Financial statements (continued)

Lara District Community Enterprise 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)		2,220,826	2,480,743
Payments to suppliers and employees (inclusive of GST)		(1,746,284)	(2,021,402)
Dividends received		22,061	21,025
Interest received		44,470	10,373
Income taxes paid		(101,739)	(13,280)
Net cash provided by operating activities	27	<u>439,334</u>	<u>477,459</u>
Cash flows from investing activities			
Payments for financial assets		(23,132)	(20,018)
Redemption of/(investment in) term deposits		(9,910)	(166,644)
Payments for property, plant and equipment		(135,193)	(10,644)
Payments for intangible assets		-	(13,184)
Proceeds from disposal of property, plant and equipment		21,819	-
Net cash used in investing activities		<u>(146,416)</u>	<u>(210,490)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(37,297)	(36,903)
Dividends paid		(105,600)	(70,401)
Repayment of lease liabilities		(40,982)	(30,629)
Net cash used in financing activities		<u>(183,879)</u>	<u>(137,933)</u>
Net increase in cash and cash equivalents		109,039	129,036
Cash and cash equivalents at the beginning of the financial year		<u>226,276</u>	<u>97,240</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>335,315</u></u>	<u><u>226,276</u></u>

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

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 5 Waverley Road, Lara, VIC 3212.

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 5 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.

Notes to the financial statements (continued)

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.

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.

Notes to the financial statements (continued)

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.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

Lease term

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

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

Notes to the financial statements (continued)

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

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.

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 June 2029.

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

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

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

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

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

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

Note 6. Change to comparative figures

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.

Notes to the financial statements (continued)

Note 6. Change to comparative figures (continued)

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 comparative 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 \$1,049,601 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 increase the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$308,599.

Note 7. Revenue from contracts with customers

	2024	2023
	\$	\$
Margin income	1,753,440	2,120,732
Fee income	87,891	92,233
Commission income	87,544	97,748
	<u>1,928,875</u>	<u>2,310,713</u>

Accounting policy for revenue from contracts with customers

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

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

Notes to the financial statements (continued)

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:

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

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

Revenue calculation

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

Margin income

Margin 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.

Notes to the financial statements (continued)

Note 8. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	558,802	540,658
Non-cash benefits	12,463	18,365
Superannuation contributions	59,275	47,651
Expenses related to long service leave	9,582	1,139
Other expenses	57,992	36,790
	<u>698,114</u>	<u>644,603</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	2,663	967
Plant and equipment	1,557	1,345
Furniture and fittings	9,748	9,949
Motor vehicles	2,913	3,179
	<u>16,881</u>	<u>15,440</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	38,628	34,672
<i>Amortisation of intangible assets</i>		
Franchise fee	3,494	1,099
Franchise renewal fee	17,468	5,493
	<u>20,962</u>	<u>6,592</u>
	<u>76,471</u>	<u>56,704</u>

Finance costs

	2024	2023
	\$	\$
Lease interest expense	37,297	36,903
Unwinding of make-good provision	454	434
	<u>37,751</u>	<u>37,337</u>

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

Leases recognition exemption

	2024	2023
	\$	\$
Expenses relating to low-value leases	<u>10,471</u>	<u>9,403</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	458,207	425,909
Contribution to the Community Enterprise Foundation™	150,000	500,000
	<u>608,207</u>	<u>925,909</u>

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 9. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Current tax	102,194	120,051
Movement in deferred tax	(1,017)	10,679
Net benefit of franking credits on dividends received	(9,455)	(9,011)
Under/over adjustment in respect for prior periods	(1,768)	-
Aggregate income tax expense	<u>89,954</u>	<u>121,719</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>393,144</u>	<u>512,399</u>
Tax at the statutory tax rate of 25%	98,286	128,100
Tax effect of:		
Non-deductible expenses	527	377
Other assessable income	2,364	2,253
Net benefit of franking credits on dividends received	(9,455)	(9,011)
Under/over adjustment in respect for prior periods	(1,768)	-
Income tax expense	<u>89,954</u>	<u>121,719</u>

Notes to the financial statements (continued)

Note 9. Income tax (continued)

	2024 \$	2023 \$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward capital losses	3,175	3,175
Employee benefits	9,018	4,582
Provision for lease make good	2,478	2,327
Income accruals	(4,239)	-
Lease liabilities	200,362	201,612
Right-of-use assets	(151,343)	(151,873)
Property, plant and equipment	(11,788)	(12,106)
Financial assets at fair value through profit or loss	(25,962)	(27,034)
	<u>21,701</u>	<u>20,683</u>
	2024 \$	2023 \$
Provision for income tax	<u>61,996</u>	<u>72,763</u>

Accounting policy for income tax

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

Accounting policy for 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	<u>335,315</u>	<u>226,276</u>

Note 11. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	66,273	150,075
Accrued income	16,952	-
	<u>83,225</u>	<u>150,075</u>

Accounting policy for trade and other receivables

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

Notes to the financial statements (continued)

Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	1,059,511	1,049,601

Note 13. Financial assets

	2024 \$	2023 \$
Equity securities - designated at fair value through profit or loss	620,475	601,632

Reconciliation

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

Opening carrying amount	601,632	542,999
Additions	23,132	20,021
Revaluation (decrements)/increments	(4,289)	38,612
Closing carrying amount	620,475	601,632

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 14. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	79,309	19,341
Less: Accumulated depreciation	(6,529)	(3,866)
	72,780	15,475
Plant and equipment - at cost	13,233	11,820
Less: Accumulated depreciation	(9,129)	(7,571)
	4,104	4,249
Fixtures and fittings - at cost	317,118	296,873
Less: Accumulated depreciation	(279,499)	(269,751)
	37,619	27,122
Motor vehicles - at cost	53,568	42,968
Less: Accumulated depreciation	(307)	(24,952)
	53,261	18,016
	167,764	64,862

Notes to the financial statements (continued)

Note 14. 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 \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	16,442	2,985	32,068	21,195	72,690
Additions	-	2,609	8,035	-	10,644
Disposals	-	-	(3,032)	-	(3,032)
Depreciation	(967)	(1,345)	(9,949)	(3,179)	(15,440)
Balance at 30 June 2023	15,475	4,249	27,122	18,016	64,862
Additions	59,968	1,412	20,245	53,568	135,193
Disposals	-	-	-	(15,410)	(15,410)
Depreciation	(2,663)	(1,557)	(9,748)	(2,913)	(16,881)
Balance at 30 June 2024	<u>72,780</u>	<u>4,104</u>	<u>37,619</u>	<u>53,261</u>	<u>167,764</u>

Additions

During the financial year the company refurbished it's Lara branch and also purchased a new motor vehicle.

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	15 to 20 years
Plant and equipment	5 to 10 years
Furniture, fixtures and fittings	2 to 5 years
Motor vehicles	3 to 8 years

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

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

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

Note 15. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	776,209	739,702
Less: Accumulated depreciation	(170,836)	(132,209)
	<u>605,373</u>	<u>607,493</u>

Notes to the financial statements (continued)

Note 15. 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	589,418
Remeasurement adjustments	52,747
Depreciation expense	<u>(34,672)</u>
Balance at 30 June 2023	607,493
Remeasurement adjustments	36,508
Depreciation expense	<u>(38,628)</u>
Balance at 30 June 2024	<u><u>605,373</u></u>

Accounting policy for right-of-use assets

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

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

Refer to note 18 for more information on lease arrangements.

Note 16. Intangible assets

	2024 \$	2023 \$
Franchise fee	34,462	22,604
Less: Accumulated amortisation	<u>(22,802)</u>	<u>(19,308)</u>
	11,660	3,296
Franchise renewal fee	171,482	112,192
Less: Accumulated amortisation	<u>(113,180)</u>	<u>(95,712)</u>
	58,302	16,480
	<u><u>69,962</u></u>	<u><u>19,776</u></u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	4,395	21,973	26,368
Amortisation expense	<u>(1,099)</u>	<u>(5,493)</u>	<u>(6,592)</u>
Balance at 30 June 2023	3,296	16,480	19,776
Additions	11,858	59,290	71,148
Amortisation expense	<u>(3,494)</u>	<u>(17,468)</u>	<u>(20,962)</u>
Balance at 30 June 2024	<u><u>11,660</u></u>	<u><u>58,302</u></u>	<u><u>69,962</u></u>

Notes to the financial statements (continued)

Note 16. Intangible assets (continued)

Additions

During the financial year the company's franchise agreement was renewed. This to be amortised over five years to June 2029.

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2029
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2029

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

Note 17. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Other payables and accruals	25,005	2,244
	<u>25,005</u>	<u>2,244</u>
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	25,005	2,244
Less: other payables and accruals (net GST (payable)/refundable to the ATO)	(2,863)	19,088
	<u>22,142</u>	<u>21,332</u>

Note 18. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	92,008	34,376
	<u>92,008</u>	<u>34,376</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	709,438	772,072
	<u>709,438</u>	<u>772,072</u>

Notes to the financial statements (continued)

Note 18. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024 \$	2023 \$
Opening balance	806,448	784,330
Remeasurement adjustments	35,980	52,747
Lease interest expense	37,297	36,903
Lease payments - total cash outflow	(78,279)	(67,532)
	<u>801,446</u>	<u>806,448</u>

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise	Lease term end date used in calculations
Lara Branch	4.79%	5 years	3 x 5 years	Yes - 2 x 5 years No - 1 x 5 years	June 2039

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	880,011	880,011	880,011	880,011
Less: Equity raising costs	-	-	(22,485)	(22,485)
	<u>880,011</u>	<u>880,011</u>	<u>857,526</u>	<u>857,526</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

Notes to the financial statements (continued)

Note 19. Issued capital (continued)

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").

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 20. 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.

Notes to the financial statements (continued)

Note 20. Capital management (continued)

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 21. Dividends

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

	2024 \$	2023 \$
Fully franked dividend of 12 cents per share (2023: 8 cents)	<u>105,600</u>	<u>70,401</u>

Dividends declared but not recognised at balance date

Since the end of the financial year, the board of directors declared a fully franked dividend to be paid of 12 cents per share. The financial impact of the dividend, amounting to \$105,600, has not been recognised in the financial statements for the financial year ended 30 June 2024, and will be recognised in the subsequent financial statements.

Accounting policy for dividends

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

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	312,828	313,192
Franking credits (debits) arising from income taxes paid (refunded)	101,739	14,092
Franking debits from the payment of franked distributions	(35,200)	(23,467)
Franking credits from franked distributions received	<u>9,455</u>	<u>9,011</u>
	<u>388,822</u>	<u>312,828</u>

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	388,822	312,828
Franking credits (debits) that will arise from payment (refund) of income tax	<u>61,996</u>	<u>72,763</u>
Franking credits available for future reporting periods	<u>450,818</u>	<u>385,591</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Note 22. Financial risk management

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

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

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

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

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

	2024 \$	2023 \$
Financial assets		
Trade and other receivables (note 11)	83,225	150,075
Cash and cash equivalents (note 10)	335,315	226,276
Financial assets (note 13)	620,475	601,632
Investments (note 12)	1,059,511	1,049,601
	<u>2,098,526</u>	<u>2,027,584</u>
Financial liabilities		
Trade and other payables (note 17)	22,142	21,332
Lease liabilities (note 18)	801,446	806,448
	<u>823,588</u>	<u>827,780</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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.

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

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.

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised 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 \$335,315 and term deposits of \$1,059,511 at 30 June 2024 (2023: \$226,276 and \$1,049,601).

Equity Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
2024						
Equity securities	10%	<u>62,048</u>	<u>46,536</u>	10%	<u>(62,048)</u>	<u>(46,536)</u>
2023						
Equity securities	10%	<u>60,163</u>	<u>45,122</u>	10%	<u>(60,163)</u>	<u>(45,122)</u>

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	25,005	-	-	25,005
Lease liabilities	<u>74,786</u>	<u>299,143</u>	<u>747,858</u>	<u>1,121,787</u>
Total non-derivatives	<u>99,791</u>	<u>299,143</u>	<u>747,858</u>	<u>1,146,792</u>

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	2,244	-	-	2,244
Lease liabilities	72,257	289,027	794,825	1,156,109
Total non-derivatives	74,501	289,027	794,825	1,158,353

Note 23. Fair value measurement

Fair value hierarchy

The following tables detail the company's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2024				
<i>Assets</i>				
Equity securities	620,475	-	-	620,475
Total assets	620,475	-	-	620,475

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2023				
<i>Assets</i>				
Equity securities	601,632	-	-	601,632
Total assets	601,632	-	-	601,632

There were no transfers between levels during the financial year.

Note 24. Key management personnel disclosures

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

Andrew MacKenzie Hilliard
Charles John Saliba
Natalie Grace Salcombe Candy
Kylie Grzybek
Ann Elizabeth Butcher

Elizabeth Joy Bate
Jürgen Ulrich Günther Strauss
Ian Graeme Duff
Alistair Bullock

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

Note 25. Related party transactions

Key management personnel

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

Receivable from and payable to related parties

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

Notes to the financial statements (continued)

Note 25. Related party transactions (continued)

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
The company made sponsorships to community groups where company directors declared an interest.	29,124	-
Directors of the entity received expense reimbursements totaling:	4,746	5,409

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 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,650	5,400
<i>Other services</i>		
General advisory services	5,440	5,980
Share registry services	4,922	3,957
	<u>10,362</u>	<u>9,937</u>
	<u>17,012</u>	<u>15,337</u>

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	303,190	390,680
Adjustments for:		
Depreciation and amortisation	76,471	56,704
Net (gain)/loss on disposal of non-current assets	(6,409)	3,032
(Increase)/decrease in fair value of equity instruments designated at FVTPL	4,289	(38,612)
Lease liability interest	37,297	36,903
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	66,850	(53,046)
Decrease in income tax refund due	-	24,997
Decrease/(increase) in deferred tax assets	(1,018)	10,679
Decrease in trade and other payables	(48,766)	(12,236)
Increase/(decrease) in provision for income tax	(10,767)	72,763
Increase/(decrease) in employee benefits	17,742	(14,839)
Increase in other provisions	455	434
Net cash provided by operating activities	<u>439,334</u>	<u>477,459</u>

Notes to the financial statements (continued)

Note 28. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>303,190</u>	<u>390,680</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>880,011</u>	<u>880,011</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>880,011</u>	<u>880,011</u>
	Cents	Cents
Basic earnings per share	34.45	44.39
Diluted earnings per share	34.45	44.39

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

Apart from the dividend declared as disclosed in note 21, no other 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

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



Andrew MacKenzie Hilliard
Chair

5th September 2024

Independent audit report



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 Lara District Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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



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.



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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 5 September 2024

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

Community Bank - Lara District
5 Waverley Road, Lara VIC 3212
Phone: 03 5282 6430 Fax: 03 5282 8842
Email: laramailbox@bendigobank.com.au
Web: www.bendigobank.com.au/lara

Franchisee: Lara District Community Enterprise Limited
ABN: 67 134 347 087
5 Waverley Road, Lara VIC 3212
Phone: 03 5282 6430 Fax: 03 5282 8842
Email: mail@ldce.com.au

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 **Bendigo Bank**