

Annual Report 2024

Monbulk & District
Community Enterprises
Limited

Community Bank
Monbulk & District

ABN 76 146 945 959



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We respectfully acknowledge the past and present traditional owners of this land,
The Wurundjeri people, their Ngurungaeta - Murrundindi, and their Elders.

We also acknowledge with respect the First Australian peoples as the Traditional
Custodians of this country and their continued connection to land, sea, and culture.

Vision, strategy and values

Our Vision

Our vision is to inspire, connect and lead our communities for sustainable growth and a vibrant future for all.

Our Strategy

Our strategy is to focus on offering exceptional service, the number one bank of choice in the region and to share the benefits with our community.

Our Values

Ethical

We act with honesty, and we deliver on our commitments.

Responsive

We are flexible and positive, adapting to changes in our customers and community's needs.

Innovative

We look to continually improve on the success of our business. We encourage creative thinking, new ideas and better solutions for and from our team, customers and community to create a sustainable business.

Community

We are passionate about giving back to the community we live in. We strive to create opportunities for connection and participation within our community, building strength and resilience.

Shared Value

We feed into the prosperity of our community rather than off it, leaving a legacy by investing in and for future generations.



Our community



We are an accredited social enterprise

Thanks to the decision that was moved at our last year's AGM, Monbulk & District Community Enterprises Limited is now a certified social enterprise through Social Traders, this accreditation recognises the purpose of our organisation.

A social enterprise is a business that puts people and the environment first. Accreditation was an important step for us to be able to access further opportunities to strengthen our community impact.

Monbulk & District Community Enterprises Limited, the owner of the franchise of Community Bank Monbulk & District is focused on supporting programs and initiatives that service those in the Monbulk and district community that need it most, supporting grassroots initiatives which foster meaningful change at a local level.

Over \$1.1 million in community contributions

We are excited to announce that we have contributed over \$1.1 million into the Monbulk and District community since we opened our doors in 2012. This record contribution has been enabled by the customers of Community Bank Monbulk & District and to you, we say Thank You.

Through the support of our customers and shareholders, we have been able to invest in many local initiatives which are focused on building and strengthening the community. In this year alone we have supported many local organisations including Monbulk CFA with rope rescue bags, Monbulk Scouts with camping equipment, Emerald Monbulk Wildlife Shelter with funds to purchase animal feed, Trek Learning Centre with seed funding for their Pathways to Adulthood program and ongoing weekly support for the Open Door Pantry with fresh fruit and vegetables from Carter Bros in Silvan.

Our goal when we opened the community bank was to feed into our local community, not off it and we believe that reaching this milestone is evidence of what can be achieved when we work together.

Local funds, local decisions, local investment, local impact.

COMMUNITY CONTRIBUTIONS
More than
\$1.1 million
since 2012



Chairman's report

For year ending 30 June 2024



It is my privilege and pleasure to present the company's Annual Report for the year ending 30 June 2024.

This year we celebrated our 12th anniversary, and

opening our doors on the 7 February 2012 seems a distant memory.

The Community Bank network provides the extra dimension of a truly friendly face to face customer experience.

This is where our Community Bank Monbulk & District staff excel in meeting our customer's needs and have been complimented by them for going the extra mile.

The Board, our Community Company Manager Aimee te Boekhorst and our staff have an excellent understanding of what our community's needs are.

To that end, our vision for the support of our community has taken on an extra-long-term goal of support the aged.

The Board has created a new role being a Community Company Manager. Combined with Aimee te Boekhorst's long held belief that such a role will be invaluable in combining the strengths of our community, the board will provide funds through a foundation to act as seeding capital for projects focussed on the aged.

As with most projects, local, state, and federal governments will only support such endeavours, when a community shows its commitment.

The maturing of Community Bank Monbulk & District now allows us to grow our vision, and we are excited by the potential outcomes.

We are also pleased and excited to announce that Charlene Peters has taken on the Branch Managers position.

Charlene comes to us with an enormous amount of experience in the banking industry, both in New Zealand and Australia.

We now have total business footings of \$223,526,834.00

We have now invested over \$1.1 million into our community, of which we are extremely proud.

Again, our community support night was the highlight of the year.

All who attended are truly the backbone of our community and are a credit to themselves and their families and are the key drivers to the strong social fabric of Community Bank Monbulk & District.

Over the past year, Monbulk & District Community Enterprises Limited joined 24 other community enterprises in our network to gain social enterprise certification. This formal recognition highlights our long-standing commitment to making a positive impact within our community and underscores our dedication as a 'business for good'. It is affirmed by our mission to be a substantial, sustainable community-built business that contributes to community prosperity.

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.

The Board meets 11 times a year. All subcommittees meet regularly on an as need basis.

During the year our focus is on governance, business development, community investment and supporting our Branch Manager and staff.

I thank all of my fellow directors for their dedicated effort and enthusiasm in which they approach their directors' responsibilities.

I thank all our customers and shareholders for their continuing support.

Exciting times lie ahead and to all shareholders, I encourage you to endorse our Community Bank to family and friends.

Leo Koelewyn
Chairman
Monbulk & District Community Enterprises Ltd

Manager's report

For year ending 30 June 2024



We are in our 13th year of service to the Monbulk and District community and have remained open with consistency and maintained full hours of operation for our customers and community.

The last four years has seen covid stress followed by a difficult financial economy, and our community has felt this as much as any. We have made a conscious effort to keep in contact with our customers to review their banking and their loans to ensure they are being looked after to the best of our ability.

Due to our loyal customer base, staffing structure, and wonderful team we have continued to grow our business through this difficult period.

As of the close of business on 30 June 2024 Community Bank Monbulk & District has increased our customer base to 3928 which is a growth of 535 customers for the year, over 15.8%.

Total business holdings at the end of the 2023-24 financial year were

\$223,526,834.00 – This represents a net growth of \$7,582,492.00 during the last financial year. To all existing and new customers of Community Bank Monbulk & District thank you for contributing to these figures.

Monbulk & District Community Enterprises Limited is a community owned company and our profit for purpose model is that we aim to feed into the prosperity of our communities, where revenue is generated by the Community Bank's business and invested back to the community via programs such as the sponsorship and grants. To all our Community Company Shareholders, you are a part of something special and should all be very proud.

This financial year we are extremely proud to have hit a milestone, we have invested over \$1.1 million back to Monbulk and District. We have proudly supported some incredible programs and organisations in the area. To name a few, The Emerald Monbulk Wildlife Shelter with over \$20,000.00 in animal feed, funding towards the

Pathways Program run through Trek Learning Centre (if you are not familiar with this organisation, please look up their incredible work), Big Brothers, Big Sisters mentoring program to our local Monbulk College, Trauma Yoga program run by Yarra Ranges Yoga and supported by MADCOW, partnering with Yarra Ranges Council to establish a local L2P driving program to support our young people getting mobile and so many more initiatives that we love supporting to see Monbulk have incredible opportunities helping to remove the barrier of funding.

Since our last AGM, we have said goodbye to some long-time staff Margaret, Rebecca and Ellie who we miss greatly, but we have also welcomed some wonderful and new faces in Bec, Hannah and Fiyaz. Sarah has had her second baby (Reggie George) and has taken to motherhood like a duck to water and we await her return from maternity leave in October this year. We also eagerly await our new Branch Manager Charlene who joins us in August 2024 as I embark on a new journey within the bank supporting our Community Bank board and look to deepen our community impact.

I would officially and with much gratitude like thank our wonderful team Bec, Fiona, Sarah, Fiyaz, Ella and Hannah. Customers love coming into Community Bank Monbulk & District because you are happy, kind and always willing to help. You are the face of our brand, and we appreciate your hard work and dedication to our business.

Thank you to our volunteer board of directors for your continued support of Community Bank Monbulk & District and thank you for your vision to support our community. Having such a great board drives the difference that we make.

To our Regional Manager Chris Cahir, our Community Banking Relationship Manager Tania Hansen and all support staff of Bendigo and Adelaide Bank thank you for your continued assistance and ongoing support.

Finally, on behalf of myself and my team, we would like to thank everyone who continues to support the Monbulk and District community.

Aimee te Boekhorst
Community Company Manager

Secretary's report

For year ending 30 June 2024



Reflecting on the vibrancy of our community and the intricate tapestry of relationships and connections is a most rewarding outcome of Monbulk & District Community Enterprises

Limited contributions. The contributions are what I call investments. Investment in people and community.

There has been a palpable sense of relationships, of partnerships, and of shared purpose. This spirit is woven into our culture by the unwavering support of our community bodies to each other.

Our promise is to create a legacy that transcends generations and shape a community our future residents will inherit.

In such an environment, this stimulates and sustains curiosity, personal growth, and a commitment to making a positive difference to the peoples of Monbulk and District.

We are proud to be part of the rich tapestry community endeavour.

We value the broader themes of entrepreneurship, freedom and creativity of our groups and their passion for their personal welfare and support.

Establishing our community identity is a keen driver of the work of Community Bank Monbulk & District.

We see the talent and ability in the members of the community to build a vibrant and inclusive society.

Community Bank Monbulk & District sees this diversity as a crucial element in establishing equality across all sectors of our groups from supporting women, the young and the underprivileged and the variety of community groups in our midst.

With over \$1.1 million in donations now exceeded I now contemplate what our community would be like if Community Bank Monbulk & District had not come into existence.

It is sobering reflective time to consider this. The answer is clear to me as I hope it is to you.

It is hoped we act justly that we are generous and walk humbly with our community.

Together we hold the mantra - BE THE CHANGE.

Ray Yates
Secretary

Finance report

For year ending 30 June 2024



I am pleased to present you with the finance report for the year ended 30 June 2024.

Despite a subdued economic environment, our high level of customer support and strong business

holdings has allowed Community Bank Monbulk and District to remain financially robust and has delivered another pleasing business performance.

We are very grateful for the strong ongoing support we enjoy from the Monbulk community with customer numbers growing by an amazing 15.8% in the year and total business holdings growing by over \$7.6 million to \$223.5 million.

Despite the growth in business holdings, our margins did reduce this year as interest rates stabilised, causing a reduction in revenue to \$1,577,000. The slow economy and higher interest rate environment reduced lending opportunities, and our solid revenue base is the result of the consistent growth in business holdings that the Community Bank has achieved since inception.

Our staff are critical to maintaining our high levels of customer service and community support as well as maintaining both our business holdings and revenue base. Despite some turnover of staff experienced in the year, our strong customer focussed culture and the leadership within the Community Bank has allowed us to continue to grow.

The reduction in revenue from the very strong previous year did reduce our profitability this year but with ongoing prudent management of operating costs, the Community Bank delivered a solid profit before community contributions and income tax of \$598,452.

With our strong earnings, we have been able to lift our community contributions this year to \$201,924. In addition, we have contributed \$315,000 to the Community Enterprise Foundation which holds funds on our behalf for future local community grants for eligible purposes.

Our reported profit before income tax expense was \$81,528 and reflects both the good operating performance plus increased contributions to the community.

Our stable earnings also allow us to maintain our strong returns to shareholders and we have accordingly declared a fully franked dividend of 12 cents per share in respect of the 2024 financial year. This dividend will be paid on 21 November 2024.

In the twelve years of operation, the Community Bank has been very successful in building the relationship with our customers and building our business holdings allowing the delivery a strong financial result despite the reduction in margins from the prior year. Consequently, we have been able increase our contribution to the local community and maintain returns to our shareholders.

We look forward to another successful year ahead.

Stephen McDonald
Director

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 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

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:	Leonardus Josephus Cornelis Koelewyn
Title:	Non-executive director
Experience and expertise:	Past President Nursery and Garden Industry Victoria, past Vice President Monbulk Football and Netball Club, Past Director Monbulk Bowling Club. Served on Committees - Nursery industry including Finance, Quarantine, Trade Market Day, Garden State Advisory Council, Melbourne International Flower and Garden Show (MIFGS). Vice President National Nursery and Garden Industry. Chairman of Woori Yallock Streamflow Consultative Committee.
Special responsibilities:	Chairman & HR Committee.
Name:	Kellie Ann Clay
Title:	Non-executive director
Experience and expertise:	Kellie began working in public accounting in 1996 while completing her Bachelor of Business (Accounting). She began managing an office branch of Taxbiz Australia in 2004 and was offered partnership in 2009. In 2015 she founded Elysium Accounting with two business partners. In Kellie's 20 years of experience in public accounting she has gained a vast knowledge of many aspects of business, including taxation, accounting principles, business structures, audit, internal business practices & systems, and SMSF advice. She has gained experience in many different business industries.
Special responsibilities:	Finance Committee, HR Committee.
Name:	Raymond Leslie Yates
Title:	Non-executive director
Experience and expertise:	Shire Councillor for 21 years. Justice of the Peace. Freeman of the Shire of Lilydale, former President of Rotary and Paul Harris Fellow, life member of Japara Community House, life member of Lilydale Historical Society, trust member of Lilydale and Districts Museum, Citizen of the Year Yarra Ranges Shire, foundation member of the Upper Yarra Valley and Dandenong Ranges Planning Authority, inaugural member of the Australian Local Government Association, school Principal for over 28 years. Recipient of the Centenary Medal and National Service Medal. Professional development presenter and facilitator. Chairman of Dandenong Ranges Music Council. Chairperson of Japara Community House. Treasurer of Sylvan Glades Homes.
Special responsibilities:	Company Secretary, Governance Committee.
Name:	Stephen Michael McDonald
Title:	Non-executive director
Experience and expertise:	Stephen is a senior financial executive with broad experience in all aspects of financial management, corporate governance, and management of risk, ICT and supply chain functions in both private and publicly listed companies. In a career spanning 30 years in the accounting profession, Stephen has held a number of senior finance roles across a broad range of industries. Stephen is a member of CPA Australia and holds a Bachelor of Economics from Monash University. An active contributor to the local community, Stephen was a school councillor at The Patch primary school for 8 years and on the committee of The Patch Landcare Group. Stephen was also on the Monbulk Junior Football Club committee for 5 years and on the Advisory Board of Mount Lilydale Mercy College for 6 years.
Special responsibilities:	Finance Committee, HR Committee.

Directors' report (continued)

Name: Jennifer Rae Nash
Title: Non-executive director
Experience and expertise: A long time resident of Monbulk, Jenni currently works for a local real estate office as a Property Consultant/Rest Estate agent. She has previously owned her own business in Monbulk and has managed other businesses including women's and children's fashion stores and wholesale florists. She is a past President of St Paul's Primary School Parents and Friends Assoc., where her three children attended school. Jenni also co-ordinated the fundraising for Monbulk Jnr football club for three years and is a past member of the Monbulk Business Network. Her passion for the Monbulk community is reflected in her role here at the Community Bank, and in her drive to promote the benefits of banking with Bendigo and how the bank supports the community. Jennifer currently volunteers at Monbulk Care Network Op Shop and Open Door Community Food Pantry.
Special responsibilities: Chair Marketing & Sponsorship Committee.

Name: Peter Herbert D'Abico
Title: Non-executive director
Experience and expertise: Peter is from the greater Melbourne region. Peter is a former Business Banking Manager with a specialization in Agribusiness. He has served as a member of the school council at Patch Primary School and was the treasurer for Kallista Scouts. Currently, he operates a small business focused on commercial grounds maintenance and soft landscaping.
Special responsibilities: Nil.

Name: Sarah Melanie Tebbutt
Title: Non-executive director
Experience and expertise: Currently Sarah is managing the role of community development & engagement for a large property development firm. Sarah is also a Community Bank Mentor contracting to Bendigo Bank working with Community Banks around Australia as well as assisting with projects to support the network. Sarah works along side the Monbulk board supporting the administration of the company. Also Sarah has many years' experience in community groups and organisations and is currently working with the Community Enterprise Foundation, Bendigo Banks of the Yarra Ranges and Yarra Ranges Council on a new model of delivering community recovery and the chair of a Mountain Biking committee running a school program. Previously, Sarah has been awarded an Australia Day award for service to the community by the Yarra Ranges Council.
Special responsibilities: Business Development Committee, HR Committee and Marketing & Sponsorship Committee.

Name: Rita Hayworth Antoinette Hughes
Title: Non-executive director (appointed 13 November 2023)
Experience and expertise: Rita has over 20 years of experience in marketing, fundraising, and events across various industries, including software, manufacturing and recruitment. For the past seven years, she has focused on the not-for-profit sector, working with independent charities & healthcare's. Rita is committed to community collaboration, serving on the Knox BMX Club committee for seven years and a local Scouting group for two years. Currently, she works for a charitable organization dedicated to road user safety, managing partnerships and fundraising activities. The organization provides free counseling for road trauma victims and educational programs for safer driving. A local resident for over seven years, Rita joined the Monbulk & District Community Enterprises Board to give back to her community.
Special responsibilities: Member of Marketing Subcommittee

Directors' report (continued)

Name: Simon Richard Sparrow Yates
Title: Non- executive director (appointed 13 November 2023)
Experience and expertise: Simon is the Managing Director of Open Playscapes, where he leads a team of four in creating playgrounds for councils and schools. In addition to his role at Open Playscapes, Simon volunteers at Trek Learning Centre, serving as Program Coordinator to support disadvantaged youth. Simon also contributes as a voluntary Director and Secretary on the board at Trek. With a background as a stonemason, he possesses skills in furniture making, landscaping, and playground design, bringing a diverse expertise to his work.
Special responsibilities: Nil.

Name: Andrew James Raper
Title: Non-executive Director (resigned 13 November 2023)
Experience and expertise: Self-employed, qualified Nurseryman. Current President of Camellias Victoria, Director and Maintenance Manager of Timberline Ski Lodge.
Special responsibilities: Nil.

Company secretary

The company secretary is Raymond Yates. Raymond was appointed to the position of company secretary on 24 November 2014.

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 \$63,293 (30 June 2023: \$366,586).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2024	2023
	\$	\$
Unfranked dividend of 12 cents per share (2023: 6 cents)	<u>102,121</u>	<u>49,919</u>

Significant changes in the state of affairs

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

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Directors' report (continued)

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
Leonardus Josephus Cornelis Koelewyn	12	11
Kellie Ann Clay	12	9
Raymond Leslie Yates	12	11
Stephen Michael McDonald	12	10
Jennifer Rae Nash	12	12
Peter Herbert D'Abico	12	10
Sarah Melanie Tebbutt	12	8
Rita Hayworth Antoinette Hughes	10	9
Simon Richard Sparrow Yates	9	9
Andrew James Raper	5	5

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 24 to the financial statements.

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
Leonardus Josephus Cornelis Koelewyn	82,000	-	82,000
Kellie Ann Clay	-	-	-
Raymond Leslie Yates	10,000	-	10,000
Stephen Michael McDonald	-	-	-
Jennifer Rae Nash	500	-	500
Peter Herbert D'Abico	-	5,000	5,000
Sarah Melanie Tebbutt	4,000	-	4,000
Rita Hayworth Antoinette Hughes	-	-	-
Simon Richard Sparrow Yates	-	-	-
Andrew James Raper	5,000	-	5,000

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

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

Directors' report (continued)

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 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.

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 25 to the accounts.

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services 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



Leonardus Josephus Cornelis Koelewyn
Chairman

6 November 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 Monbulk & District Community Enterprises Limited

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written in a cursive style.

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

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

Jessica Ritchie
Lead Auditor

Financial statements

Monbulk & District Community Enterprises Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	1,576,850	1,804,595
Finance revenue		17,192	-
Total revenue		<u>1,594,042</u>	<u>1,804,595</u>
Employee benefits expense	8	(718,326)	(703,217)
Advertising and marketing costs		(30,026)	(27,553)
Occupancy and associated costs		(23,689)	(23,389)
System costs		(30,577)	(30,203)
Depreciation and amortisation expense	8	(83,831)	(78,285)
Loss on disposal of assets		-	(3,586)
Finance costs	8	(6,266)	(7,676)
General administration expenses		(102,875)	(98,959)
Total expenses before community contributions and income tax expense		<u>(995,590)</u>	<u>(972,868)</u>
Profit before community contributions and income tax expense		598,452	831,727
Charitable donations, sponsorships and grants expense	8	<u>(516,924)</u>	<u>(337,828)</u>
Profit before income tax expense		81,528	493,899
Income tax expense	9	<u>(18,235)</u>	<u>(127,313)</u>
Profit after income tax expense for the year		63,293	366,586
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>63,293</u>	<u>366,586</u>
		Cents	Cents
Basic earnings per share	27	7.44	43.08
Diluted earnings per share	27	7.44	43.08

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

Financial statements (continued)

Monbulk & District Community Enterprises Limited Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	526,393	409,872
Trade and other receivables	11	175,168	165,089
Investments	12	417,192	400,000
Total current assets		<u>1,118,753</u>	<u>974,961</u>
Non-current assets			
Property, plant and equipment	13	132,359	159,239
Right-of-use assets	14	104,072	137,489
Intangible assets	15	33,527	46,614
Deferred tax assets	9	11,877	13,117
Total non-current assets		<u>281,835</u>	<u>356,459</u>
Total assets		<u>1,400,588</u>	<u>1,331,420</u>
Liabilities			
Current liabilities			
Trade and other payables	16	414,544	119,454
Lease liabilities	17	45,808	39,456
Current tax liabilities	9	3,822	113,726
Employee benefits	18	41,050	77,325
Total current liabilities		<u>505,224</u>	<u>349,961</u>
Non-current liabilities			
Trade and other payables	16	14,921	29,842
Lease liabilities	17	68,785	109,914
Employee benefits	18	19,480	11,645
Lease make good provision		22,320	21,372
Total non-current liabilities		<u>125,506</u>	<u>172,773</u>
Total liabilities		<u>630,730</u>	<u>522,734</u>
Net assets		<u>769,858</u>	<u>808,686</u>
Equity			
Issued capital	19	823,643	823,643
Accumulated losses		<u>(53,785)</u>	<u>(14,957)</u>
Total equity		<u>769,858</u>	<u>808,686</u>

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

Financial statements (continued)

Monbulk & District Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2024

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022		823,643	(331,624)	492,019
Profit after income tax expense		-	366,586	366,586
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	366,586	366,586
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(49,919)	(49,919)
Balance at 30 June 2023		<u>823,643</u>	<u>(14,957)</u>	<u>808,686</u>
Balance at 1 July 2023		823,643	(14,957)	808,686
Profit after income tax expense		-	63,293	63,293
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	63,293	63,293
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(102,121)	(102,121)
Balance at 30 June 2024		<u>823,643</u>	<u>(53,785)</u>	<u>769,858</u>

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

Financial statements (continued)

Monbulk & District Community Enterprises Limited Statement of cash flows For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,571,406	1,941,677
Payments to suppliers and employees (inclusive of GST)		(1,162,113)	(1,392,399)
Interest received		17,192	-
Income taxes paid		(126,899)	-
Net cash provided by operating activities	26	<u>299,586</u>	<u>549,278</u>
Cash flows from investing activities			
Payments for investments		(17,192)	(400,000)
Payments for property, plant and equipment		(4,504)	(45,212)
Payments for intangible assets		(13,565)	(10,852)
Net cash used in investing activities		<u>(35,261)</u>	<u>(456,064)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(5,374)	(6,809)
Dividends paid	21	(102,121)	(49,919)
Repayment of lease liabilities		(40,309)	(36,219)
Net cash used in financing activities		<u>(147,804)</u>	<u>(92,947)</u>
Net increase in cash and cash equivalents		116,521	267
Cash and cash equivalents at the beginning of the financial year		<u>409,872</u>	<u>409,605</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>526,393</u></u>	<u><u>409,872</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 Monbulk & District Community Enterprises Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 70 Main Road, Monbulk VIC 3793.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 6 November 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 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards 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 2021-6 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 2021-6 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.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. 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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

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.

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

Notes to the financial statements (continued)

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

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, incurrance of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

Employee benefits provision

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

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

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

Notes to the financial statements (continued)

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

Lease make good provision

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

Note 5. Economic dependency

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

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

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

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

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

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

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

Note 6. 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 financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating 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.

Notes to the financial statements (continued)

Note 6. Change to comparative figures (continued)

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

- Cash and cash equivalents decreased and investments increased by \$400,000 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 recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$88,365.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,394,882	1,612,770
Fee income	86,942	85,599
Commission income	95,026	106,226
	<u>1,576,850</u>	<u>1,804,595</u>

Accounting policy for revenue from contracts with customers

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

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

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

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

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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

Revenue calculation

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

Margin income

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

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

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

Commission income

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 8. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	590,552	575,100
Superannuation contributions	70,657	63,371
Expenses related to long service leave	(2,520)	2,357
Other expenses	59,637	62,389
	<u>718,326</u>	<u>703,217</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	5,900	7,730
Plant and equipment	25,484	4,662
	<u>31,384</u>	<u>12,392</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	39,360	36,583
<i>Amortisation of intangible assets</i>		
Franchise fee	3,424	1,082
Franchise renewal fee	9,663	12,868
Rights to revenue share	-	15,360
	<u>13,087</u>	<u>29,310</u>
	<u>83,831</u>	<u>78,285</u>

Finance costs

	2024 \$	2023 \$
Lease interest expense	5,374	6,809
Unwinding of make-good provision	892	867
	<u>6,266</u>	<u>7,676</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>10,515</u>	<u>11,793</u>

Charitable donations, sponsorships and grants expense

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	201,134	179,933
Contribution to the Community Enterprise Foundation™	315,790	157,895
	<u>516,924</u>	<u>337,828</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.

Notes to the financial statements (continued)

Note 9. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Recoupment of prior year tax losses	-	3,525
Current tax	19,164	113,726
Under/over provision in respect to prior years	(2,170)	-
Movement in deferred tax	1,241	10,062
	<u>18,235</u>	<u>127,313</u>
<i>Aggregate income tax expense</i>		
	<u>18,235</u>	<u>127,313</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	81,528	493,899
Tax at the statutory tax rate of 25%	20,382	123,475
Tax effect of:		
Non-deductible expenses	23	3,838
	<u>20,405</u>	<u>127,313</u>
Under/over provision in respect to prior years	(2,170)	-
Income tax expense	<u>18,235</u>	<u>127,313</u>
	<u>18,235</u>	<u>127,313</u>
	2024 \$	2023 \$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	21,914	29,242
Provision for lease make good	5,580	5,343
Lease liabilities	28,648	37,342
Right-of-use assets	(26,018)	(34,372)
Property, plant and equipment	(18,247)	(24,438)
	<u>11,877</u>	<u>13,117</u>
Deferred tax asset	<u>11,877</u>	<u>13,117</u>
	2024 \$	2023 \$
Provision for income tax	<u>3,822</u>	<u>113,726</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.

Notes to the financial statements (continued)

Note 10. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	526,393	409,872

Note 11. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	158,724	153,280
Other receivables and accruals	200	200
Prepayments	16,244	11,609
	<u>16,444</u>	<u>11,809</u>
	<u>175,168</u>	<u>165,089</u>

Accounting policy for trade and other receivables

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

Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	417,192	400,000

Note 13. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	220,403	230,736
Less: Accumulated depreciation	(123,003)	(127,436)
	<u>97,400</u>	<u>103,300</u>
Plant and equipment - at cost	116,642	116,162
Less: Accumulated depreciation	(81,683)	(60,223)
	<u>34,959</u>	<u>55,939</u>
	<u>132,359</u>	<u>159,239</u>

Notes to the financial statements (continued)

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	94,694	17,311	112,005
Additions	18,666	44,546	63,212
Disposals	(2,330)	(1,256)	(3,586)
Depreciation	(7,730)	(4,662)	(12,392)
Balance at 30 June 2023	103,300	55,939	159,239
Additions	-	4,504	4,504
Depreciation	(5,900)	(25,484)	(31,384)
Balance at 30 June 2024	<u>97,400</u>	<u>34,959</u>	<u>132,359</u>

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	4 to 40 years
Plant and equipment	1 to 40 years

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

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

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

Note 14. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	288,852	282,910
Less: Accumulated depreciation	(184,780)	(145,421)
	<u>104,072</u>	<u>137,489</u>

Notes to the financial statements (continued)

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

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

	Land and buildings \$
Balance at 1 July 2022	161,826
Remeasurement adjustments	12,246
Depreciation expense	<u>(36,583)</u>
Balance at 30 June 2023	137,489
Remeasurement adjustments	5,943
Depreciation expense	<u>(39,360)</u>
Balance at 30 June 2024	<u><u>104,072</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 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 \$	2023 \$
Rights to revenue share	15,360	15,360
Less: Accumulated amortisation	<u>(15,360)</u>	<u>(15,360)</u>
	-	-
Franchise fee	32,007	32,007
Less: Accumulated amortisation	<u>(26,419)</u>	<u>(22,995)</u>
	5,588	9,012
Franchise renewal fee	110,036	110,036
Less: Accumulated amortisation	<u>(82,097)</u>	<u>(72,434)</u>
	27,939	37,602
	<u><u>33,527</u></u>	<u><u>46,614</u></u>

Notes to the financial statements (continued)

Note 15. Intangible assets (continued)

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

	Rights to revenue share \$	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	15,360	10,094	50,470	75,924
Amortisation expense	(15,360)	(1,082)	(12,868)	(29,310)
Balance at 30 June 2023	-	9,012	37,602	46,614
Amortisation expense	-	(3,424)	(9,663)	(13,087)
Balance at 30 June 2024	-	5,588	27,939	33,527

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 and rights to revenue share 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)	February 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2027

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

Note 16. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	352,994	64,607
Other payables and accruals	61,550	54,847
	<u>414,544</u>	<u>119,454</u>
<i>Non-current liabilities</i>		
Other payables and accruals	14,921	29,842
	<u>14,921</u>	<u>29,842</u>
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	429,465	149,296
less GST payable to the ATO included in other payables and accruals	(2,309)	(26,926)
	<u>427,156</u>	<u>122,370</u>

Notes to the financial statements (continued)

Note 16. Trade and other payables (continued)

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Where the company is liable to settle the amount within 12 months of the reporting date, the liability is classified as current. All other obligations are classified as non-current.

Note 17. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	45,808	39,456
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	68,785	109,914
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	149,370	173,342
Remeasurement adjustments	5,532	12,247
Lease interest expense	5,374	6,809
Lease payments - total cash outflow	(45,683)	(43,028)
	<u>114,593</u>	<u>149,370</u>

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
70 Main Road	4.79%	5 years	N/A	N/A	January 2027
68 Main Road	3.54%	5 years	N/A	N/A	January 2027

Notes to the financial statements (continued)

Note 18. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	31,992	32,810
Long service leave	9,058	44,515
	<u>41,050</u>	<u>77,325</u>
<i>Non-current liabilities</i>		
Long service leave	<u>19,480</u>	<u>11,645</u>

Accounting policy for employee benefits

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

Accounting policy for other long-term employee benefits

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

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

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	851,010	851,010	851,010	851,010
Less: Equity raising costs	-	-	(27,367)	(27,367)
	<u>851,010</u>	<u>851,010</u>	<u>823,643</u>	<u>823,643</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

Notes to the financial statements (continued)

Note 19. Issued capital (continued)

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

Dividends

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

Transfer

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

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

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

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 195. As at the date of this report, the company had 204 shareholders (2023: 204 shareholders).

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

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

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

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

Note 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.

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

Notes to the financial statements (continued)

Note 20. Capital management (continued)

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

Dividends provided for and paid during the period

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

	2024 \$	2023 \$
Unfranked dividend of 12 cents per share (2023: 6 cents)	<u>102,121</u>	<u>49,919</u>

Accounting policy for dividends

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

Note 22. Financial risk management

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

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

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

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

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

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

	2024	2023
	\$	\$
Financial assets at amortised cost		
Trade and other receivables excluding prepayments (note 11)	158,924	153,480
Cash and cash equivalents (note 10)	526,393	409,872
Investments (note 12)	417,192	400,000
	<u>1,102,509</u>	<u>963,352</u>
Financial liabilities at amortised cost		
Trade and other payables (note 16)	427,156	122,370
Lease liabilities (note 17)	114,593	149,370
	<u>541,749</u>	<u>271,740</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company measures its financial assets at amortised cost.

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised cost comprise trade and other payables and lease liabilities.

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 \$526,393 and term deposits of \$417,192 at 30 June 2024 (2023: \$409,872 and \$400,000).

Price risk

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

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	412,235	14,921	-	427,156
Lease liabilities	46,680	73,910	-	120,590
Total non-derivatives	458,915	88,831	-	547,746
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	92,528	29,842	-	122,370
Lease liabilities	149,370	116,176	-	265,546
Total non-derivatives	241,898	146,018	-	387,916

Note 23. Key management personnel disclosures

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

Leonardus Josephus Cornelis Koelewyn	Peter Herbert D'Abico
Kellie Ann Clay	Sarah Melanie Tebbutt
Raymond Leslie Yates	Rita Hayworth Antoinette Hughes
Stephen Michael McDonald	Simon Richard Sparrow Yates
Jennifer Rae Nash	Andrew James Raper

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

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

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Notes to the financial statements (continued)

Note 24. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
Sarah Tebbutt receives remuneration for bookkeeping, business development, business administration and support services provided to the Board.	26,250	26,650
The company provided sponsorships to Sylvan Glades, where Raymond Yates is the Treasurer. The total amount provided was:	220	-
The company engaged Elysium Accounting, of which Kellie Clay is a partner, for administrative services. The total amount paid was:	500	-
The company provided sponsorships to Trek Learning Centre, where Simon Yates' wife is the CEO. The total amount provided was:	21,668	-

Note 25. 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	6,500	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	700	660
General advisory services	5,887	4,730
Share registry services	4,415	3,760
	<u>11,002</u>	<u>9,150</u>
	<u>17,502</u>	<u>14,550</u>

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	63,293	366,586
Adjustments for:		
Depreciation and amortisation	83,831	78,285
Net loss on disposal of non-current assets	-	3,586
Lease liabilities interest	5,374	6,809
Change in operating assets and liabilities:		
Increase in trade and other receivables	(10,079)	(65,588)
Decrease in deferred tax assets	1,240	13,587
Increase in trade and other payables	293,267	40,668
Increase/(decrease) in provision for income tax	(109,904)	113,726
Decrease in employee benefits	(28,440)	(9,249)
Increase in other provisions	1,004	868
Net cash provided by operating activities	<u>299,586</u>	<u>549,278</u>

Notes to the financial statements (continued)

Note 27. Earnings per share

	2024	2023
	\$	\$
Profit after income tax	<u>63,293</u>	<u>366,586</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>851,010</u>	<u>851,010</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>851,010</u>	<u>851,010</u>
	Cents	Cents
Basic earnings per share	7.44	43.08
Diluted earnings per share	7.44	43.08

Accounting policy for earnings per share

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

Directors' declaration

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



Leonardus Josephus Cornelis Koelewyn
Chairman

6 November 2024

Independent audit report



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

Report on the Audit of the Financial Report

Opinion

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

- 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, and
- the directors' declaration.

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

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

Basis for Opinion

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

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

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



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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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



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

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Freewin Stewart', written over a light blue horizontal line.

Andrew Freewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 6 November 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie', written over a light blue horizontal line.

Jessica Ritchie
Lead Auditor

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 **Bendigo Bank**