Annual Report 2024

Moorabool Community Enterprises Limited

Community Bank
Ballan & District

ABN 46 148 907 591

Contents

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Chair's report

Ending on the 30th of June 2024 Financial Year

In our 13th year of operation on behalf of the Board of Moorabool Community Enterprises Limited (MCEL), I have great pleasure in presenting this year's Chairman's report.

In a challenging economic environment over the last financial year due to a lot of hard work you can see we have maintained the level of business on our books. Our footings may not have grown like other years but we but in this tough environment our Branch Manager, Amanda Embling and her team have done an excellent job holding onto our existing customers. Amanda Embling has once again had a successful year leading and developing her team. We are moving forward and preparing for better economic times and welcome two new staff members with our first appointment of a Business Development Manager, Blaz Rakas and new Customer Service Officer Sharon Baker. Thankyou Amanda and your team!

A big thankyou to our new and existing customers for sticking with us and have helped us become the a successful Community Bank branch. Your loyalty and continued support are why we are in the strong financial position that we are today.

Our shareholders continue to see consistent reward for your financial contribution. This year we made our largest single contribution to a community group with a $100,000 contribution to the oval resurfacing at the Bungaree Recreation Reserve. The idea for this contribution came out of a community forum we held about 4 years ago between Covid lockdowns where it was recognised the poor state of the five West Moorabool football ovals during winter needed to be addressed. After that night our board decided that we could help the situation by making $100,000 available to any of the five recreation reserve committees of management (RRCoM) if they could raise the rest of the funds. The development cost at Bungaree was around $750,000 and Bungaree RRCoM managed to raise the other $650,000 through a combination of local and federal government, savings and fundraising. The other four West Moorabool RRCoMs are now using the leverage our pledge to try and get local, state and federal governments to help find the funds to have their ovals upgraded also. We are now seeing greater benefits in our local communities with the money spent on infrastructure not forgetting the money spend on wages, local contractors, and shareholder returns. Your support is critical to the community success of your branch.

This year we welcome Jodie Mullane and Mark Conlan to our board. Both Jodie and Mark have been long time contributors into their community organisations around Ballan and we are fortunate that we can attract new board members with their calibre. I would like to thank our Vice Chairman Dominic Hanrahan for his hard work and support. Also to Kellee Frazer, our treasurer who wears many hats in her local community of Gordon but still finds time to volunteer her time for us. A huge thankyou to Robert Eskdale and Barry Sims for the work done with our new branch location in Inglis street Ballan that is set to open this financial year. Thankyou also to board members Ian Stefcopoulos, Brayden Leonard and Mark Conroy who also volunteer their time to make sure our enterprise is successful. Thankyou also to our Company Secretary Michelle Baker and treasurer Leo Bruinier. Michelle and Leo have years of experience with Bendigo Bank Community Banking and their knowledge surely makes things easier for our board and myself. Our role as directors is to advocate for the bank and we encourage our shareholders not only to bank with us but refer potential new customers to us. Once again, I would like to thank the valued members of our volunteer Board.

Thank you to those who act as committee Chairs. Your time and leadership when heading up these important cogs in our operation contributes to us being an effective bank board.

Every year we continue to invest more into the community through sponsorships, grants, and donations. As you can see the MCEL banking business is solid and we have made community grants of over $350,000 this financial year. We are excited about our first major grant with our pledge and contribution to the Bungaree RR oval resurfacing where we helped turn $100,000 into $750,000. We have now put back over $2 million dollars into our communities since we started in 2011 and are looking forward to funding bigger and better projects now that we are achieving sustained profits. As I have always stated, we support those organisations who support us. It is essential that the community groups that have received sponsorship continue to bring their members' banking business to our Community Bank .

I commend this 2024 Annual Report to you.

Darren Rix
Chairman

Manager's report

I am pleased to present Community Bank Ballan & District Branch Manager's Report for the year ending 30 June 2024.

We continued to deliver some strong results while maintaining our commitment to providing exceptional customer service and supporting the communities we serve.

We are proud of our continued commitment to give back to the community through our grants program, with a total of $364,580 in Community Grants and Sponsorships delivered in the past financial year. This takes the total of grants in our community to over $2,000,000. It's such an amazing effort and we are all so proud.

This year we farewelled three staff members. I'd like to acknowledge the contribution of Lucy Fitzgerald and Shannon Bailey, who will both also stay at home with their children and Julie Conlan, who has sought alternative employment. They were all an integral part of our team and are missed.

We welcomed two new staff members to the team in January and so I'd like to introduce our new Business Development Manager, Blaz Rakas and our newest Customer Service Officer, Sharon Barker.

Blaz has had over 30 years of banking experience and brings a wealth of experience and will be responsible for identifying new business opportunities, developing relationships with our community and driving growth in the business. You'll see Blaz out and about at many community functions and events.

Sharon is new to banking; however, she has taken to the role like a duck to water. Her wonderful customer service skills do not go unnoticed, and she has become a firm favourite with our customers.

Moving forward, we are confident that Community Bank Ballan & District is well positioned for continued success in the years to come. We are excited to embark on our next chapter, which includes our brand new branch, and give you our commitment to serve our community. Doing this will enable us to achieve greater success in the coming year.

As I conclude this annual report, I would like to express my gratitude to our directors for their unwavering support. To my amazing branch team, your dedication to your work is so impressive and I am so proud of you. To each of our customers and shareholders, we appreciate and value you. Thank you for trusting with us with your banking needs. I know that together, we can make a positive impact in our community.

Amanda Embling
Branch Manager

Moorabool Community Enterprises Limited

ABN: 46 148 907 591

Financial Report

For the year ended
30 June 2024

Directors' Report

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

Directors

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

Darren Patrick Rix

Chair, Community Engagement & Investment Committee, Strategic Planning Committee

Business Owner/Operator. Darren operates an AVIS car and truck rental franchise in Ballarat, Bendigo, Footscray and Western Victoria, Budget car and truck rental franchises in Ballarat and Bendigo. Darren has been in business for 28 years and the rental business for 24 years. He is on the Committee of the Bungaree Football Netball Club and is a Life Member. He is also a member of the Bungaree Recreation Reserve Committee of Management. He is on the local Economic Advisory Committee for the Economic Development & Activation Department of the Moorabool Shire and is the Vice Chair and Director of the Association of Avis Franchises Ltd.

Robert John Eskdale

Chair of Asset & Capital Management Committee, Strategic Planning Committee

Consultant Engineer and Town Planner. Robert is a Civil Engineer who has spent over 27 years in local Government including 13 years as Shire Engineer with the former Ballan Shire Council. For the last 26 years Robert has run his own local Engineering & Town Planning Consultancy; and is currently transitioning to retirement. Robert is a Director and Vice President of the Ballan Hospital Board and a member of the Ballan Jockey Club.

Mark Francis Conroy

Member of Community Engagement & Investment Committee and Strategic Planning Commitee

Bachelor of Applied Science (Agriculture). Member of the Gordon Football Netball Club committee. Sales Director at Driscoll's Australia.

Dominic Gerard Hanrahan

Deputy Chair, Community Engagement & Investment Committee, Strategic Planning Committee

Linux Systems Administrator. Born in Ballarat, Dominic has lived at Navigators for the past 18 years with his wife and children. He grew up nearby on a potato farm at Dunnstown and attended St Patrick's College in Ballarat. Dominic graduated from the University of Ballarat with a degree in Applied Science (Computer Science/Laboratory Instrumentation) in 1990. Dominic has been in the Information Technology business for 30 years and works for The Ballarat Base Hospital as a Linux Systems Administrator. He is primarily responsible for administering and maintaining the hospital's patient administration system and associated database servers, as well as general operation of other Unix/Lunux servers.

Brayden James Leonard

Member of Community Engagement & Investment Committee, Governance and Risk Committee and Strategic Planning Committee

Bachelor of Commerce (Accounting) from Federation University. Accountant at Mulcahy & Co Accounting 2017- 2021. Finance Manager at TB White & Sons Pty Ltd 2021 - current. CPA - 2023.

Barry Francis Sims

Asset & Capital Management Committee, Strategic Planning Committee

Retired. Barry has lived in the area for more than 40 years and has always supported local businesses. Barry was a local builder, Christmas tree farmer, holiday unit manager and now runs storage shed business . He has retired, handing the reigns to the 3rd generation of builders. Barry is a former Committee member of the Ballan Football Netball Club and Mt Egerton Tennis Club. He is actively involved with and is a Committee member of the Ballan Golf Club.

Kellee Ann Frazer

Member of Community Engagement & Investment Committee, Governance and Risk Committee and Strategic Planning Committee

Self employed. Kellee was born and raised in Ballarat and now lives in Gordon with her husband, Adam and three children. Adam and Kellee own and operate two small businesses, one of these is based in Melbourne and the other in Bacchus Marsh. Kellee currently studies part time to obtain a Bachelor of Accounting. She has actively been a part of the Gordon community for the past 20 years, including committee of management positions for Gordon Playgroup, Wallace & District kindergarten, School Advisory Council and Parents and Friends St Patrick Primary Gordon. She has also been the Secretary, among many other positions at the Gordon Football & Netball Club Inc. for the past 9 years. She now looks forward to this opportunity to assist the Ballan & District Community Bank.

Ian Sfetcopoulos

Member of Governance & Risk Commitee and Strategic Planning Commitee

Mark Anthony Conlan

Member of Strategic Planning Commitee (appointed 15 November 2023)

Mark has completed a bachelor's in business and a master's in taxation. Currently Mark is the treasurer of Ballan FNC, Moorabool Landcare and Moorabool Wind Farm Advisory Group. He is a director for Nanloc Pty Ltd SMSF and has been a member of the CFA for 30 years. Prior roles include being the finance admin manager for Wesfarmers Northern Victoria, team leader and executive auditor for the ATO, and working for Elders Agribusiness in both branch manager and real estate positions.

Jodie Nichole Mullane

Member of Community Engagement & Investment Committee and Strategic Planning Commitee (appointed 15 November 2023)

Jodie works for St Brigid's Primary School as the administration officer and risk and compliance officer. She also works for the Ballan Football Netball Club in the secretary position.

Helen Margaret Mahar

Deputy Company Secretary, Share Liaison Officer, Chair of Community Engagement & Investment Committee (resigned 30 August 2023)

Helen is now retired after many years working in various administration roles. Helen has completed a Diploma in Human Resources and Certificate IV in Frontline Management. Helen has been actively involved with Clarkes Hill Tennis Club, St Mary's School, Loreto College and Springbank Football Netball Club. Helen is a life member of the Springbank Football Netball Club and is caretaker of the SFNC Life Member.

Helen Fay Tatchell

Member of Community Engagement & Investment Committee (resigned 30 August 2023)

Ownber and editor of loacal newspaper The Moorabool News, over 25 years living in the Ballan Community, heavy involvement as a volunteer with local community organisations including: Ballan Tennis Club, Pony Club, Adult Riding Club, Ballan Football Netball Club, Gordon Football Netball Club, St. Brigid's Primary School, Ballan Jockey Cub, Ballan Autumn Festival and Ballan & District Chamber of Commerce.

No directors have material interest in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Michelle Louise Baker. Michelle was appointed to the position of company secretary on 23 June 2022.

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.

Directors' report (continued)

Review of operations

The profit for the company after providing for income tax amounted to $149,465 (30 June 2023: $129,157).

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 $
Fully franked dividend of 9 cents per share (2023: 8 cents)	67,690	60,168

Significant changes in the state of affairs

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

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

Matters subsequent to the end of the financial year

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

Likely developments

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

Environmental regulation

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

Directors' benefits

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

Shares under option

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

Shares issued on the exercise of options

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

Indemnity and insurance of directors and officers

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

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

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*.

Directors' report (continued)

Meetings of directors

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

	Board		Community Engagement & Investment Committee		Governance & Risk Committee		Asset & Capital Management Committee		Strategic Planning Committee	
	E	A	E	A	E	A	E	A	E	A
Darren Patrick Rix	11	10	5	2	-	-	-	-	2	1
Robert John Eskdale	11	10	-	-	-	-	4	4	2	1
Dominic Gerard Hanrahan	11	11	5	4	-	-	-	-	2	2
Barry Francis Sims	11	11	-	-	-	-	4	4	2	1
Kellee Ann Frazer	11	10	5	5	2	2	-	-	2	2
Brayden James Leonard	11	11	5	4	2	2	-	-	2	2
Ian Sfetcopoulos	11	8	-	-	2	2	-	-	2	1
Mark Francis Conroy	11	8	5	4	-	-	-	-	2	2
Mark Anthony Conlan	8	7	-	-	-	-	-	-	2	2
Jodie Nichole Mullane	8	6	4	4	-	-	-	-	2	1
Helen Margaret Mahar	-	-	-	-	-	-	-	-	-	-
Helen Fay Tatchell	-	-	-	-	-	-	-	-	-	-

E = Eligible A = Attended

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

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
Darren Patrick Rix	17,501	-	17,501
Robert John Eskdale	16,000	-	16,000
Dominic Gerard Hanrahan	14,834	-	14,834
Barry Francis Sims	35,000	-	35,000
Kellee Ann Frazer	3,000	-	3,000
Brayden James Leonard	1,000	500	1,500
Ian Sfetcopoulos	-	-	-
Mark Francis Conroy	-	-	-
Mark Anthony Conlan	-	-	-
Jodie Nichole Mullane	-	2,001	2,001
Helen Margaret Mahar	1,000	-	1,000
Helen Fay Tatchell	1,000	-	1,000

Directors' report (continued)

Indemnity and insurance of auditor

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

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

Non-audit services

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

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

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

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

Darren Patrick Rix
Chair

27 September 2024

Auditor's independence declaration

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

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

As lead auditor for the audit of Moorabool 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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2024

Jessica Ritchie
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	7	1,439,202	1,770,788
Other revenue		14,682	19,128
Finance revenue		1	152
Gain on remeasurement of right-of-use assets		15,604	-
Total revenue		1,469,489	1,790,068
Employee benefits expense	8	(593,083)	(595,721)
Advertising and marketing costs		(12,873)	(14,395)
Occupancy and associated costs		(25,742)	(26,666)
System costs		(31,256)	(32,851)
Depreciation and amortisation expense	8	(110,054)	(83,152)
Finance costs	8	(6,137)	(7,786)
General administration expenses		(128,684)	(129,017)
Total expenses before community contributions and income tax		(907,829)	(889,588)
Profit before community contributions and income tax expense		561,660	900,480
Charitable donations, sponsorships and grants expense		(364,580)	(727,446)
Profit before income tax expense		197,080	173,034
Income tax expense	9	(47,615)	(43,877)
Profit after income tax expense for the year		149,465	129,157
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		149,465	129,157
		Cents	**Cents**
Basic earnings per share	26	19.87	17.17
Diluted earnings per share	26	19.87	17.17

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

Statement of financial position

As at June 30 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	139,700	34,254
Trade and other receivables	11	122,656	152,420
Non-current assets classified as held for sale	14	323,398	323,398
Total current assets		585,754	510,072
Non-current assets			
Property, plant and equipment	12	934,825	954,103
Right-of-use assets	13	15,448	85,587
Intangible assets	15	30,282	43,260
Deferred tax assets	9	15,533	9,489
Total non-current assets		996,088	1,092,439
Total assets		1,581,842	1,602,511
Liabilities			
Current liabilities			
Trade and other payables	16	162,303	144,187
Lease liabilities	17	18,454	32,794
Current tax liabilities	9	18,166	19,655
Employee benefits		24,650	13,784
Lease make good provision		19,288	-
Total current liabilities		242,861	210,420
Non-current liabilities			
Borrowings		154	30,142
Lease liabilities	17	-	79,777
Employee benefits		2,153	10,150
Lease make good provision		-	17,123
Total non-current liabilities		2,307	137,192
Total liabilities		245,168	347,612
Net assets		1,336,674	1,254,899
Equity			
Issued capital	18	690,987	690,987
Retained earnings		645,687	563,912
Total equity		1,336,674	1,254,899

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

Financial statements (continued)

Statement of changes in equity

For the year ended 30 June 2024

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		690,987	494,923	1,185,910
Profit after income tax expense		-	129,157	129,157
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	129,157	129,157
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(60,168)	(60,168)
Balance at 30 June 2023		690,987	563,912	1,254,899

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2023		690,987	563,912	1,254,899
Profit after income tax expense		-	149,465	149,465
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	149,465	149,465
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(67,690)	(67,690)
Balance at 30 June 2024		690,987	645,687	1,336,674

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

Financial statements (continued)

Statement of cash flows

For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,627,744	1,920,755
Payments to suppliers and employees (inclusive of GST)		(1,280,207)	(1,662,375)
Interest received		1	920
Interest and other finance costs paid		(847)	(780)
Income taxes paid		(55,149)	(29,420)
Net cash provided by operating activities	25	291,542	229,100
Cash flows from investing activities			
Payments for property, plant and equipment		(50,946)	(892,630)
Proceeds from disposal of property, plant and equipment		-	30,000
Net cash used in investing activities		(50,946)	(862,630)
Cash flows from financing activities			
Proceeds from borrowings		-	350,000
Repayment of borrowings		(29,988)	(319,858)
Interest and other finance costs paid		(4,465)	(6,207)
Dividends paid	20	(67,690)	(60,168)
Repayment of lease liabilities		(33,007)	(30,613)
Net cash used in financing activities		(135,150)	(66,846)
Net increase/(decrease) in cash and cash equivalents		105,446	(700,376)
Cash and cash equivalents at the beginning of the financial year		34,254	734,630
Cash and cash equivalents at the end of the financial year	10	139,700	34,254

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

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Reporting entity

The financial statements cover Moorabool 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 Shop 1 & 2 135 Inglis Street, Ballan Vic 3342.

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

Note 3. Material accounting policy information

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

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

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

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

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

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

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

Note 3. Material accounting policy information (continued)

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

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

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.

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

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

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

Impairment of non-financial assets
The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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

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

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

Estimates and assumptions

Estimation of useful lives of assets
The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in November 2026.

Note 5. Economic dependency (continued)

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

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by $203,145.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	1,110,618	1,440,338
Fee income	91,054	84,484
Commission income	237,530	245,966
	1,439,202	1,770,788

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

Margin 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 4for 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.

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

Note 7. Revenue from contracts with customers (continued)

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	504,574	501,738
Non-cash benefits	6,692	-
Superannuation contributions	51,778	54,084
Expenses related to long service leave	(4,586)	8,281
Other expenses	34,625	31,618
	593,083	595,721

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Buildings	16,561	8,258
Leasehold improvements	41,089	20,907
Plant and equipment	2,797	4,418
Motor vehicles	9,777	10,257
	70,224	43,840
Depreciation of right-of-use assets		
Leased land and buildings	26,852	26,334
Amortisation of intangible assets		
Franchise fee	2,163	2,163
Franchise renewal process fee	10,815	10,815
	12,978	12,978
	110,054	83,152

Note 8. Expenses (continued)

Finance costs

	2024 $	2023 $
Bank loan interest paid or accrued	764	780
Lease interest expense	4,546	6,207
Unwinding of make good provision	827	799
	6,137	7,786

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

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	10,443	12,684

Charitable donations, sponsorships and grants expense

	2024 $	2023 $
Direct donation, sponsorship and grant payments	244,580	327,446
Contribution to the Community Enterprise Foundation™	120,000	400,000
	364,580	727,446

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 the Community Enterprise Foundation™ (CEF) are held by them and 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)
For the year ended 30 June 2024

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	55,877	49,655
Movement in deferred tax	(6,045)	(5,778)
Under/over adjustment in respect for prior periods	(2,217)	-
Aggregate income tax expense	47,615	43,877
Prima facie income tax reconciliation		
Profit before income tax expense	197,080	173,034
Tax at the statutory tax rate of 25%	49,270	43,259
Tax effect of:		
Non-deductible expenses	562	618
	49,832	43,877
Under/over adjustment in respect for prior periods	(2,217)	-
Income tax expense	47,615	43,877

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	2,209	(8,522)
Employee benefits	6,701	5,984
Lease liabilities	4,613	28,143
Provision for lease make good	4,822	4,281
Accrued expenses	1,050	1,000
Right-of-use assets	(3,862)	(21,397)
Deferred tax asset	15,533	9,489

	2024 $	2023 $
Provision for income tax	18,166	19,655

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

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

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

Note 10. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	139,700	34,254

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	115,262	144,912
Other receivables	1,129	-
Prepayments	6,265	7,508
	7,394	7,508
	122,656	152,420

	2024 $	2023 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	122,656	152,420
less GST refundable from the ATO, included in trade and other receivables	-	(14,320)
	122,656	138,100

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

Notes to the Financial statements (continued)

For the year ended 30 June 2024

Note 12. Property, plant and equipment

	2024 $	2023 $
Land - at cost	175,000	175,000
Buildings - at cost	662,456	662,456
Less: Accumulated depreciation	(24,819)	(8,258)
	637,637	654,198
Leasehold improvements - at cost	169,865	169,865
Less: Accumulated depreciation	(149,318)	(108,229)
	20,547	61,636
Plant and equipment - at cost	44,461	43,108
Less: Accumulated depreciation	(33,934)	(31,137)
	10,527	11,971
Motor vehicles - at cost	68,958	33,330
Less: Accumulated depreciation	(9,777)	-
	59,181	33,330
Works in progress - at cost	31,933	17,968
	934,825	954,103

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

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Works in progress $	Motor vehicles $	Total $
Balance at 1 July 2022	323,398	-	82,543	12,513	-	30,485	448,939
Additions	175,000	662,456	-	3,876	17,968	33,330	892,630
Disposals	-	-	-	-	-	(20,228)	(20,228)
Transfers in/(out)	(323,398)	-	-	-	-	-	(323,398)
Depreciation	-	(8,258)	(20,907)	(4,418)	-	(10,257)	(43,840)
Balance at 30 June 2023	175,000	654,198	61,636	11,971	17,968	33,330	954,103
Additions	-	-	-	1,353	13,965	35,628	50,946
Depreciation	-	(16,561)	(41,089)	(2,797)	-	(9,777)	(70,224)
Balance at 30 June 2024	175,000	637,637	20,547	10,527	31,933	59,181	934,825

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.

Note 12. Property, plant and equipment (continued)

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	2 to 6 years
Plant and equipment	3 to 40 years
Motor vehicles	5 years
Buildings	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. Land is not depreciated.

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.

Changes in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

The company's review of estimates resulted in changes in the useful life of some of the Ballan branch leasehold improvements. The useful life had previously been assessed as 29 months until November 2026. This is now expected to be 6 months until December 2024. The effect of these changes on actual and expected depreciation expense was as follows:

	2024 $	**2025 $**	**2026 $**	**2027+ $**
(Decrease) increase in depreciation expense	20,183	1,189	(17,139)	(4,233)

Note 13. Right-of-use assets

	2024 $	**2023 $**
Land and buildings - right-of-use	149,937	193,224
Less: Accumulated depreciation	(134,489)	(107,637)
	15,448	85,587

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	111,921
Depreciation expense	(26,334)
Balance at 30 June 2023	85,587
Remeasurement adjustments	(43,287)
Depreciation expense	(26,852)
Balance at 30 June 2024	15,448

Note 13. Right-of-use assets (continued)

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 14. Non-current assets classified as held for sale

	2024 $	**2023 $**
Current assets		
Land	323,398	323,398

The company currently has the intention to sell the land at 110 Inglis Street, Ballan.

Note 15. Intangible assets

	2024 $	**2023 $**
Franchise fee	32,007	32,007
Less: Accumulated amortisation	(26,960)	(24,797)
	5,047	7,210
Franchise renewal fee	110,036	110,036
Less: Accumulated amortisation	(84,801)	(73,986)
	25,235	36,050
	30,282	43,260

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	9,373	46,865	56,238
Amortisation expense	(2,163)	(10,815)	(12,978)
Balance at 30 June 2023	7,210	36,050	43,260
Amortisation expense	(2,163)	(10,815)	(12,978)
Balance at 30 June 2024	5,047	25,235	30,282

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.

Note 15. Intangible assets (continued)

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

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

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

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 $
Current liabilities		
Trade payables	34,026	10,481
Other payables and accruals	128,277	133,706
	162,303	144,187

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	162,303	144,187
less GST payable to the ATO, included in trade and other payables	(12,990)	-
	149,313	144,187

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	18,454	32,794
Non-current liabilities		
Land and buildings lease liabilities	-	79,777

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	112,571	143,184
Remeasurement adjustments	(61,110)	-
Lease interest expense	4,465	6,207
Lease payments - total cash outflow	(37,472)	(36,820)
	18,454	112,571

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.

Note 17. Lease liabilities (continued)

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 has elected to incur remeasurement adjustments over this period, which reflect the board's decision to relocate branches from 4/135 Inglis Street to 110 Inglis Street. Initially the 4/135 Inglis Street lease was expected to continue until 30 September 2026 but as a result of this relocation, it has been remeasured to end as of 31 December 2024, in line with the expected time frame that the relocation will occur.

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
Ballan Branch	7.50%	5 years	N/A	N/A	December 2024

Note 18. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	752,110	752,110	752,110	752,110
Less: Equity raising costs	-	-	(23,517)	(23,517)
Less: Returned capital	-	-	(37,606)	(37,606)
	752,110	752,110	690,987	690,987

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

Rights attached to issued capital

Ordinary shares
<u>Voting rights</u>
Subject to some limited exceptions, each member has the right to vote at a general meeting.

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

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

Note 18. Issued capital (continued)

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 277. As at the date of this report, the company had 288 shareholders (2023: 287 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 19. Capital management

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

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

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

Note 19. 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 20. Dividends

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

	2024 $	2023 $
Fully franked dividend of 9 cents per share (2023: 8 cents)	67,690	60,168

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	222,535	213,171
Franking credits (debits) arising from income taxes paid (refunded)	55,149	29,420
Franking debits from the payment of franked distributions	(22,563)	(20,056)
	255,121	222,535
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	255,121	222,535
Franking credits (debits) that will arise from payment (refund) of income tax	18,166	19,655
Franking credits available for future reporting periods	273,287	242,190

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

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

Note 21. Financial risk management

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

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

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

Note 21. Financial risk management (continued)

- 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.

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables excluding prepayments (note 11)	122,656	138,100
Cash and cash equivalents (note 10)	139,700	34,254
	262,356	172,354
Financial liabilities at amortised cost		
Trade and other payables (note 16)	149,313	144,187
Lease liabilities (note 17)	18,454	112,571
Bank loans	154	30,142
	167,921	286,900

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, and cash and cash equivalents.

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

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

Financial liabilities

Classification
The company 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 then it is extinguished, cancelled or expires.

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

Note 21. Financial risk management (continued)

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 $139,700 at 30 June 2024 (2023: $34,254).

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.

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

	2024		2023	
	Nominal interest rate %	**Balance $**	**Nominal interest rate %**	**Balance $**
Bank loans	7.89%	154	7.64%	30,142
Net exposure to cash flow interest rate risk		154		30,142

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

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	154	-	-	154
Trade and other payables	149,313	-	-	149,313
Lease liabilities	18,454	-	-	18,454
Total non-derivatives	167,921	-	-	167,921

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Bank loans	-	30,142	-	30,142
Trade and other payables	144,187	-	-	144,187
Lease liabilities	37,472	84,312	-	121,784
Total non-derivatives	181,659	114,454	-	296,113

Notes to the Financial statements (continued)

For the year ended 30 June 2024

Note 22. Key management personnel disclosures

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

Darren Patrick Rix	Robert John Eskdale
Dominic Gerard Hanrahan	Barry Francis Sims
Kellee Ann Frazer	Brayden James Leonard
Ian Sfetcopoulos	Mark Francis Conroy
Mark Anthony Conlan	Jodie Nichole Mullane
Helen Margaret Mahar	Helen Fay Tatchell

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

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

Note 23. Related party transactions

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

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

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

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

	2024 $	2023 $
The company made sponsorships to community groups where company directors also are committee members.	55,636	-

Note 24. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,450	5,400
Other services		
Taxation advice and tax compliance services	1,714	1,060
General advisory services	2,870	3,110
Share registry services	6,297	5,062
	10,881	9,232
	17,331	14,632

Notes to the Financial statements (continued)

For the year ended 30 June 2024

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

	2024 $	2023 $
Profit after income tax expense for the year	149,465	129,157
Adjustments for:		
Depreciation and amortisation	110,054	83,152
Net gain on disposal of non-current assets	-	(9,773)
Gain on remeasurement of right-of-use assets	(15,604)	-
Lease liabilities interest	4,465	6,207
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	28,479	(21,580)
Decrease in income tax refund due	-	580
Increase in deferred tax assets	(6,044)	(5,778)
Increase in trade and other payables	17,235	17,760
Increase/(decrease) in provision for income tax	(1,489)	19,655
Increase in employee benefits	2,869	8,920
Increase in other provisions	2,112	800
Net cash provided by operating activities	291,542	229,100

Note 26. Earnings per share

	2024 $	2023 $
Profit after income tax	149,465	129,157
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	752,110	752,110
Weighted average number of ordinary shares used in calculating diluted earnings per share	752,110	752,110
	Cents	**Cents**
Basic earnings per share	19.87	17.17
Diluted earnings per share	19.87	17.17

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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

On behalf of the directors

Darren Patrick Rix
Chair

27 September 2024

Independent audit report

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

Independent auditor's report to the Directors of Moorabool Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

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

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

In our opinion, the accompanying financial report of Moorabool 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.

Independent audit report (continued)

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 September 2024

Jessica Ritchie
Lead Auditor

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Bendigo Bank