Annual Report 2024

Murrindindi Community Enterprise Limited

Community Bank
Yea & District

ABN 55 141 660 086

Contents

Chairman’s report

For year ending 30 June 2024

The year ended 30 June 2024 has seen further significant progress in transforming the Community Bank Company . By year’s end Murrindindi Community Enterprises (MCEL) had achieved an operating profit of $294,028 and made substantial progress in restoring shareholders’ equity. At the same time the MCEL board has achieved a position where it is feasible to consider declaring a second dividend following the dividend paid last year, which was the first dividend in the company’s history.

The significant turnaround in profitability is attributed to three main factors. First, the change in opening days from five days to three has been maintained and accepted by the community and customers. The Community Bank Yea & District is now the only Community Bank present within the entire Murrindindi Shire. The reduced opening days have ensured the branch operating costs are being kept under control while still maintaining the opportunity for our customers to enjoy reliable and expert face-to-face banking services.

Second, the increased returns on deposits because of the significant uplift in interest rates have also been a significant factor in improving MCEL’s operating result. The extremely low rates of the recent years hurt many businesses and individuals particularly those who were relying on an income from superannuation and lifetime savings.

The third factor was the increased level of deposits held by Community Bank Yea & District when combined with the improved interest rates. Higher Interest Rates have provided an incentive for customers to invest with Bendigo Bank . In turn an increase in investment funds has resulted in increased revenue

During the year our Community Bank staff have again performed at an outstanding level. We received many encouraging compliments regarding the quality of service and the pleasure of actually being able to have staff attend to one’s banking needs in a friendly and helpful manner. Staffing is always a challenge bearing in mind we cannot provide five-day, full-time positions. We were delighted to make three new appointments toward the end of the financial year resulting in the branch now being fully staffed. Despite the staffing changes, the core team has done an outstanding job of always keeping the branch operational.

A major focus of the Board has been the Alexandra community. As indicated in last year’s report the MCEL board considered the Alexandra district as an important opportunity to further grow our service and extend banking facilities Over several months the Board worked with the community leaders in Alexandra and the Bendigo Bank to find a way forward. This was a challenging and at times frustrating process. Despite several setbacks, a compromise was reached. The use of a shared office space was obtained on the main street to use for pre-booked appointments only. Over the counter banking has continued to be provided by the Alexandra Agency. The Board considers it created a structure that would provide the Alexandra community with the appropriate capacity for undertaking their banking requirements. The use of this appointment only office was for an initial twelve- month trial period and continuation of those arrangements totally depended on the level of patronage by the Alexandra community. The Board consistently communicated one clear message: the Alexandra appointment only office could only remain if it was used by the Alexandra community and delivered growth to Community Bank Yea & District . Sadly, the level of banking business from the Alexandra community was negligible, and the appointment only office has since been closed.

Now that the shareholder equity has nearly returned to its initial level and the financial outlook remains positive the MCEL board is reviewing the MCEL Shareholding structure. Over the last 14 years several initial shareholders have passed, and their shareholding distributed to their beneficiaries. This has resulted in there now being a significant number of shareholders with 1000 or less shares, holdings which are unmarketable in commercial terms. The MCEL board is exploring options for small shareholders.

Chairman's report (continued)

In addition to reviewing the shareholder structure the MCEL Board is planning to commence a community grants program. While the details are still being formulated a couple of criteria will be that the applicants for a grant will need to outline the benefits to the community and the MCEL Community Bank business. Successful grant applicants will be expected to report back on the demonstratable achievements supported by the grant.

To all shareholders we are grateful for your patience and seek your continued support. We also ask you to encourage others to bank with Community Bank Yea & District and bring their banking to Bendigo Bank . The only way the community can keep a banking facility in Yea is by using it.

James Osborne
Chair

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:	James Gregory Osborne
Title:	Non-executive director
Experience and expertise:	James is currently a semi-retired Grazier. A Fellow of the Australian Society of Accountants. Prior to retiring he was Finance Director of International Companies.
Special responsibilities:	Chairman.

Name:	Terry John Hubbard OAM
Title:	Non-executive director
Experience and expertise:	Terry is a Farmer (retired business owner) at Flowerdale for over 30 years, member of Strath Creek Landcare Group, the Strath Creek CFA, the Rotary Club of Yea and part President of Strath Creek Landcare Group, the Upper Goulburn Landcare Network, Landcare Victoria and the National Landcare Network. Also a past President of the Strath Creek Progress Association.
Special responsibilities:	Chair publicity sub-committee.

Name:	Ray Ian Arthur Marshman AM
Title:	Non-executive director
Experience and expertise:	Ian Marshman is now a part-time farmer. Over a forty year career Ian has held senior executive roles in the Australian Public Service in Canberra, in the Victorian Health Department and the University of Melbourne where he served as Chief Operating Officer for 15 years. Ian has held a number of board appointments including Melbourne Theatre Company, Queen's College Melbourne, Melbourne Teaching Health Clinics, headspace Ltd, The Grattan Institute and the Australian National Academy of Music. Locally, Ian is a board member and current Chair of Yea and District Memorial Hospital, Deputy Chair of the Yea Wetlands Discovery Centre and an active member of the Limestone Fire Brigade. Ian holds Bachelor of Arts and a Bachelor of Laws degrees.
Special responsibilities:	Deputy Chairman.

Name:	Donald Tyrell Knight
Title:	Non-executive director (resigned 12 December 2023)
Experience and expertise:	Don has been involved in Corporate Retail Management for 30 years, and the Owner and Director of a Interior Design and Shop-fitting Business for 16 years. Chair of Yea Wetlands Discovery Centre, committee member for 10 years. Vice Chair of Murrindindi Inc, committee member for 5 years. Member of the Business Advisory Committee Murrindindi Shire Council for 2 years. President of Historic Touring Car Association of Victoria, committee involvement for 6 years.
Special responsibilities:	Treasurer.

Name:	Janet Isabelle Gilmartin
Title:	Non-executive director (resigned 6 February 2024)
Experience and expertise:	Having trained as a teacher, Jane worked in the field for 10 years. She then moved to the child welfare industry for 10 years. She and her late husband owned and operated a Newsagency for 8 years and she then changed and trained as a Licensed Real Estate Agent. She enjoys playing golf. Communication skills are her best attribute. She is a volunteer at Yea Wetlands Centre and a Book Shop. She currently works at D.A Robinson Real Estate in Yea operating in both sales and property management.
Special responsibilities:	Member of publicity sub-committee.

Company secretary
The Company secretary is James Gregory Osborne. Gregory was appointed to the position of Company secretary on 15 February 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.

Review of operations
The profit for the company after providing for income tax amounted to $294,028 (30 June 2023: $365,543).

Operations have continued to perform in line with expectations.

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

	2024 $
Unfranked dividend of 5 cents per share (2023: Nil cents)	41,005

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.

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
James Gregory Osborne	12	12
Terry John Hubbard OAM	11	8
Ray Ian Arthur Marshman AM	12	12
Donald Tyrell Knight	5	4
Janet Isabelle Gilmartin	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.

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
James Gregory Osborne	65,000	-	65,000
Terry John Hubbard OAM	5,000	-	5,000
Ray Ian Arthur Marshman AM	5,000	-	5,000
Donald Tyrell Knight	-	-	-
Janet Isabelle Gilmartin	-	-	-

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

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

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

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

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

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

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

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

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

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

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

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

James Osborne
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 Murrindindi Community Enterprise Limited

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

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

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

Jessica Ritchie
Lead Auditor

afsbendigo.com.au

Financial statements

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

	Note	2024 $	2023 $
Revenue from contracts with customers	7	837,046	913,074
Other revenue		3,617	12,780
Finance revenue		7,001	-
Total revenue		847,664	925,854
Employee benefits expense	8	(237,250)	(234,325)
Advertising and marketing costs		(4,601)	(5,635)
Occupancy and associated costs		(20,806)	(25,349)
System costs		(26,939)	(34,342)
Depreciation and amortisation expense	8	(40,938)	(35,320)
Finance costs	8	(3,007)	(12,885)
General administration expenses		(124,690)	(90,607)
Total expenses		(458,231)	(438,463)
Profit before income tax expense		389,433	487,391
Income tax expense	9	(95,405)	(121,848)
Profit after income tax expense for the year		294,028	365,543
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		294,028	365,543
		Cents	**Cents**
Basic earnings per share	26	35.85	44.57
Diluted earnings per share	26	35.85	44.57

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

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

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	343,849	252,683
Trade and other receivables	11	76,949	85,732
Investments	12	250,000	-
Total current assets		670,798	338,415
Non-current assets			
Property, plant and equipment	13	69,751	59,508
Right-of-use assets	14	17,067	32,311
Intangible assets	15	17,242	30,800
Deferred tax assets	9	9,217	101,444
Total non-current assets		113,277	224,063
Total assets		784,075	562,478
Liabilities			
Current liabilities			
Trade and other payables	16	69,089	56,827
Lease liabilities	17	28,568	26,817
Current tax liabilities	9	3,178	-
Employee benefits		9,887	11,683
Total current liabilities		110,722	95,327
Non-current liabilities			
Trade and other payables	16	-	15,478
Lease liabilities	17	2,314	30,727
Employee benefits		1,129	4,821
Provisions		14,171	13,409
Total non-current liabilities		17,614	64,435
Total liabilities		128,336	159,762
Net assets		655,739	402,716
Equity			
Issued capital	18	792,829	792,829
Accumulated losses		(137,090)	(390,113)
Total equity		655,739	402,716

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

Murrindindi Community Enterprise 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		792,829	(755,656)	37,173
Profit after income tax expense		-	365,543	365,543
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	365,543	365,543
Balance at 30 June 2023		792,829	(390,113)	402,716

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2023		792,829	(390,113)	402,716
Profit after income tax expense		-	294,028	294,028
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	294,028	294,028
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(41,005)	(41,005)
Balance at 30 June 2024		792,829	(137,090)	655,739

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

Murrindindi Community Enterprise Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		938,457	972,136
Payments to suppliers and employees (inclusive of GST)		(508,062)	(460,300)
Interest received		7,001	-
Interest and other finance costs paid		-	(8,312)
Net cash provided by operating activities	25	437,396	503,524
Cash flows from investing activities			
Payments for investments		(250,000)	-
Payments for property, plant and equipment	13	(21,849)	(15,505)
Payments for intangible assets		(14,071)	(14,071)
Net cash used in investing activities		(285,920)	(29,576)
Cash flows from financing activities			
Repayment of borrowings		-	(240,518)
Interest and other finance costs paid		(2,280)	(3,871)
Dividends paid	20	(31,047)	-
Repayment of lease liabilities		(26,983)	(25,392)
Net cash used in financing activities		(60,310)	(269,781)
Net increase in cash and cash equivalents		91,166	204,167
Cash and cash equivalents at the beginning of the financial year		252,683	48,516
Cash and cash equivalents at the end of the financial year	10	343,849	252,683

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 66 High Street, Yea VIC 3717.

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)

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

Impairment of 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:

- he 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.

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.

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 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.

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 August 2025.

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.

Note 5. Economic dependency (continued)

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

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

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

Note 6. Change to comparative figures

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 $160,349.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	738,767	812,109
Fee income	35,544	35,127
Commission income	62,735	65,838
	837,046	913,074

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

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

Note 7. Revenue from contracts with customers (continued)

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

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

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

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates.

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	206,866	203,638
Superannuation contributions	21,805	20,964
Expenses related to long service leave	(3,737)	1,673
Other expenses	12,316	8,050
	237,250	234,325

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	6,850	3,412
Plant and equipment	4,756	2,712
	11,606	6,124
Depreciation of right-of-use assets		
Leased land and buildings	15,774	15,640
Amortisation of intangible assets		
Franchise fee	2,260	2,259
Franchise renewal fee	11,298	11,297
	13,558	13,556
	40,938	35,320

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	3,178	-
Movement in deferred tax	5,570	1,159
Under/over adjustment	(2,141)	-
Recoupment of prior year tax losses	88,798	120,689
Aggregate income tax expense	95,405	121,848
Prima facie income tax reconciliation		
Profit before income tax expense	389,433	487,391
Tax at the statutory tax rate of 25%	97,358	121,848
Tax effect of:		
Non-deductible expenses	188	-
	97,546	121,848
Under/over adjustment	(2,141)	-
Income tax expense	95,405	121,848

Note 9. Income tax (continued)

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Employee benefits	2,754	4,126
Make-good provision	3,543	3,352
Carried-forward tax losses	-	86,657
Accrued expenses	1,050	1,001
Income accruals	(1,583)	-
Lease liabilities	7,720	14,386
Right-of-use assets	(4,267)	(8,078)
Deferred tax asset	9,217	101,444

	2024 $	2023 $
Provision for income tax	3,178	-

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	343,849	252,683

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	65,454	79,543
Other receivables	6,335	964
Prepayments	5,160	5,225
	11,495	6,189
	76,949	85,732

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

Note 12. Investments

	2024 $	2023 $
Current assets		
Term deposits	250,000	-

Note 13. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	103,851	86,480
Less: Accumulated depreciation	(49,030)	(42,180)
	54,821	44,300
Plant and equipment - at cost	108,820	104,342
Less: Accumulated depreciation	(93,890)	(89,134)
	14,930	15,208
	69,751	59,508

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	46,479	3,648	50,127
Additions	1,233	14,272	15,505
Depreciation	(3,412)	(2,712)	(6,124)
Balance at 30 June 2023	44,300	15,208	59,508
Additions	17,371	4,478	21,849
Depreciation	(6,850)	(4,756)	(11,606)
Balance at 30 June 2024	54,821	14,930	69,751

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 diminishing value and 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 25 years
Plant and equipment	2 to 25 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	103,296	102,766
Less: Accumulated depreciation	(86,229)	(70,455)
	17,067	32,311

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	52,663
Remeasurement adjustments	(4,712)
Depreciation expense	(15,640)
Balance at 30 June 2023	32,311
Remeasurement adjustments	530
Depreciation expense	(15,774)
Balance at 30 June 2024	17,067

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 $	2023 $
Franchise fee	32,106	32,106
Less: Accumulated amortisation	(29,233)	(26,973)
	2,873	5,133
Franchise renewal fee	110,531	110,531
Less: Accumulated amortisation	(96,162)	(84,864)
	14,369	25,667
	17,242	30,800

Note 15. Intangible assets (continued)

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	7,392	36,964	44,356
Amortisation expense	(2,259)	(11,297)	(13,556)
Balance at 30 June 2023	5,133	25,667	30,800
Amortisation expense	(2,260)	(11,298)	(13,558)
Balance at 30 June 2024	2,873	14,369	17,242

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	August 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	August 2025

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	5,670	4,934
Other payables and accruals	63,419	51,893
	69,089	56,827
Non-current liabilities		
Other payables and accruals	-	15,478

	2024 $	**2023 $**
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	69,089	72,305
less GST payable to the ATO, included with other payables and accruals	(14,621)	(19,558)
	54,468	52,747

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	28,568	26,817
Non-current liabilities		
Land and buildings lease liabilities	2,314	30,727

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	57,544	87,650
Remeasurement adjustments	321	(4,714)
Lease interest expense	2,280	3,871
Lease payments - total cash outflow	(29,263)	(29,263)
	30,882	57,544

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Yea Branch	5.39%	5 years	N/A	N/A	July 2025

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.

Note 18. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	820,109	820,109	820,109	820,109
Less: Equity raising costs	-	-	(27,280)	(27,280)
	820,109	820,109	792,829	792,829

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.

Note 18. Issued capital (continued)

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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.

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 $
Unfranked dividend of 5 cents per share (2023: Nil cents)	41,005	-

During the year the company announced a 5 cent unfranked dividend totalling $41,005, of which $31,047 was paid and the remaining outstanding and recorded in other payables and accruals.

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

Note 21. Financial risk management

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

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

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

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

Note 21. Financial risk management (continued)

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)	65,454	79,543
Cash and cash equivalents (note 10)	343,849	252,683
Investments (note 12)	250,000	-
	659,303	332,226
Financial liabilities		
Trade and other payables (note 16)	54,468	52,747
Lease liabilities (note 17)	30,882	57,544
	85,350	110,291

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 $343,849 and term deposits of $250,000 at 30 June 2024 (2023: $252,683 and $nil).

Note 21. Financial risk management (continued)

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

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	54,468	-	-	54,468
Lease liabilities	29,263	2,439	-	31,702
Total non-derivatives	83,731	2,439	-	86,170

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	37,269	15,478	-	52,747
Lease liabilities	29,263	31,702	-	60,965
Total non-derivatives	66,532	47,180	-	113,712

Note 22. Key management personnel disclosures

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

James Gregory Osborne
Ray Ian Arthur Marshman AM
Janet Isabelle Gilmartin
Terry John Hubbard OAM
Donald Tyrell Knight

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.

Note 23. Related party transactions (continued)

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

Note 24. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,750	5,400
Other services		
Taxation advice and tax compliance services	700	660
General advisory services	1,365	3,130
	2,065	3,790
	8,815	9,190

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	294,028	365,543
Adjustments for:		
Depreciation and amortisation	40,938	35,320
Lease liabilities interest	2,280	3,871
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	8,783	(35,952)
Decrease in deferred tax assets	92,227	121,848
Increase in trade and other payables	724	8,577
Increase in provision for income tax	3,178	-
Increase/(decrease) in employee benefits	(5,488)	3,615
Increase in other provisions	726	702
Net cash provided by operating activities	437,396	503,524

Note 26. Earnings per share

	2024 $	2023 $
Profit after income tax	294,028	365,543
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	820,109	820,109
Weighted average number of ordinary shares used in calculating diluted earnings per share	820,109	820,109

Note 26. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	35.85	44.57
Diluted earnings per share	35.85	44.57

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

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

James Osborne
Chair

27 September 2024

Independent audit report

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

Independent auditor's report to the Directors of Murrindindi Community Enterprise Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
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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