

Annual Report 2024

Port Lincoln Community
Enterprises Limited

Community Bank
Port Lincoln

ABN 29 127 996 187



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Chair's report

For year ending 30 June 2024

Our Liverpool Street branch continues to deliver high quality banking services, strengthening our 'most trusted' brand reputation and supporting strong business results and community investment; but we also face challenges. Throughout 2023-24 our Managers Prue Hywood and David Stoeckel provided their usual high quality support to the Board and leadership in the Branch operations.

The Managers' Report provides detail on the growth of our customer base and an improved footings position of \$357 million at 30 June 2024. Footings grew by 3.8%. However, for the second successive year we saw a decline in lending, which was more than offset by deposits growth.

Interest rates remained relatively stable after the rapid increases of 2022-23, moving from 4.1% to 4.35% over the financial year. The split trend in footings growth continued and our revenue reverted to the previous trend level, following the extraordinary 2022-23 result. Our operations in 2023-24 produced a profit of \$863,669 before tax, sponsorships, donations and dividend payments.

We contributed a strong \$500,000 into the Community Enterprise Foundation for future distribution to the community through our Grants program. We also invested over \$580,000 supporting many valuable community initiatives through sponsorships, grants and scholarships. This included a targeted grant for the Puckridge Park upgrade, a collaboration between Rotary Club of Port Lincoln and City of Port Lincoln, and three scholarships of \$10,000 each over two years.

Our purpose as a company is to be: A viable and successful community-owned bank contributing significantly to community outcomes. A review of our three year Business (Strategic) Plan identified the critical priority of stabilising lending levels while seeking growth opportunities, in order to continue to deliver the substantial levels of community investment of recent years. The Board also developed and started work on a short-term Action Plan targeting specific value-adding initiatives including an organisational review, digital engagement and business growth options.

In March 2024 Prue Hywood celebrated 15 years of working with PLCE; a major achievement which the Board recognised with a special function. Our corporate partners at Bendigo Bank - Renato Principe and Emma Newton - have again worked with us to support all aspects of our business.

Through 2023-24 we welcomed new Directors Michael Tarin and David Reid and accepted the retirement of Steven James. We recognised Steven for his outstanding commitment and guidance to our Company and Port Lincoln's Community Bank for well over 15 years.

I note that Caitlin Noonan will not be seeking re-appointment to the Board at the 2024 AGM and thank Caitlin for her skilled, thoughtful and untiring contributions to our Company over her six-plus years as a Director. We currently have a Board of seven Directors with a strong skills base and diversity of experience, but we continue to identify and pursue potential succession options.

The banking business environment continues to challenge us with increasing competition, evolving scam risks, high compliance requirements and increasingly digital-first customers. As our customers and community become naturally more digital we must retain our community-driven purpose.

I thank the Board of Directors, our managers, our local and loyal staff and the shareholders of this community bank for their on-going commitment to our empowering social enterprise.



Rob Donaldson
Chair

Managers' report

For year ending 30 June 2024

First and foremost, we would like to thank all our customers, staff, directors, shareholders and business partners for their ongoing support.

The financial year closed with our footings totalling \$357 million. This is represented by 8,723 accounts and 4,990 customers. Our staff have worked hard to grow this customer base whilst delivering exceptional customer service. Our annual footings growth was \$13.1 million.

Many of our customers have faced the challenge of previous low fixed-rate home loan terms expiring and are now adjusting to higher home loan rates in the current economic environment. Our staff have worked hard supporting our customers in these transitions and completing banking reviews.

During 2023-24 we warmly welcomed staff members Mikala Baines as Trainee Customer Service Officer and Jo Gillespie as Customer Relationship Officer.

Total funds contributed to the community this financial year was \$586,333. Community Bank Port Lincoln and Cummins once again jointly sponsored the 2024 Mortlock Shield with a contribution of \$16,000. This was the tenth year of our joint sponsorship.

Some highlights of the 2023-24 year were:

- The Puckridge Park opening event, with attendance exceeding expectations. We were pleased to provide \$80,000 of funding for the park upgrade.
- Community Bank Port Lincoln was the first branch in our region to meet our wealth targets.
- Our branch is currently placed second in the network for achieving merchant referrals.
- We partnered with Community Bank Cummins to implement some joint initiatives including fraud prevention community seminars and each branch hosting a presentation by well-known Bendigo Bank economist David Robertson.
- Community Bank Port Lincoln participated in the Schools Career Expo, holding information sessions for Year 9 high school students.
- Our branch completed a significant security upgrade including installation of additional security cameras and vastly improved technology. A full IT software upgrade was also rolled out in the branch.
- Our Customer Relationship Managers Kerryn and Rachel were top performers in the region for their lending effectiveness.

Bendigo Bank has maintained a strong focus on digital transformation across all parts of the business, with a strong emphasis on staff training to deliver these improvements for customers.

Final thanks to our hardworking staff who are the faces of community banking. The team continually delivers a high level of service and focus on customer outcomes. This is an integral part of our success.



Prue Hywood
Branch Operations Manager



David Stoeckel
Business Development Manager

Directors' report

For the financial year ended 30 June 2024

The Directors present their report, together with the financial statements, on Port Lincoln Community Enterprises Pty Ltd for the financial year ended 30 June 2024.

Board of Directors

The following persons were Directors of Port Lincoln Community Enterprises Pty Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Rob Donaldson

Title: Chair
Qualifications: Bachelor of Arts (Planning), Graduate Diploma in Environmental Planning.
Experience & Expertise: Retired after a 38 year career in local government in SA and NSW, including urban planning, project management, strategic planning, leadership and CEO.

Caitlin Noonan

Title: Deputy Chair
Qualifications: Bachelor of Laws and Bachelor of Commerce (Management)
Experience & Expertise: Former commercial lawyer and experience as a member of the governing bodies of several community organisations.

Michael Tarin

Title: Treasurer
Qualifications: Bachelor of Commerce and Applied Finance, Chartered Accountant, Tax Agent
Experience & Expertise: Appointed director 25 September 2023. A senior manager at RSM Port Lincoln. 10 years of business advisory experience. Many years experience with various community organisations.

Steven James

Title: Non-Executive Director
Qualifications: Bachelor of Commerce, Diploma of Applied Finance, Registered Tax Agent
Experience & Expertise: Board member of several local community organisations, over 30 years accounting experience. Resigned as a director 16/11/2023.

Diana Smith

Title: Non-Executive Director
Qualifications: Bachelor of Education, Diploma in Teaching, Diploma in Export Management, Graduate Diploma in Agriculture.
Experience & Expertise: Experience in education, including international education and small business management, active involvement with many local organisations.

Directors' report (continued)

Board of Directors (continued)

Mark Carr

Title: Non-Executive Director
Experience & Expertise: 40 years owning and operating farm supplies, seafood and fishing businesses.

Timothy Gurney

Title: Non-Executive Director
Qualifications: Diploma of Management, Diploma in Transport & Logistics, Diploma in Front Line Management.
Experience & Expertise: Appointed as Director 15 March 2021. 28yrs in commodity storage and management across SA, NSW & Vic. Business development/building port infrastructure associated with multiple revenue streams aligned to client/user functions.

David Reid

Title: Non-Executive Director
Experience & Expertise: Appointed director 25 September 2023. Thirty years' experience as Executive General Manager – Trucks for the Eagers Automotive Group, an ASX200 listed public company. Recently retired from my most recent position as Executive Advisor to the President of Velocity Vehicle Group, a US based truck dealer group that had acquired the Daimler Truck franchises previously held by the Eagers Automotive Group Ltd. Currently acting as Chairman of the Port Lincoln Racing Club Inc.

Directors were in office for this entire year unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Directors' Meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
Rob Donaldson	11	10	2	1
Caitlin Noonan	11	10	2	1
Michael Tarin	9	9	2	2
Steven James	4	4	1	1
Diana Smith	11	11	-	-
Mark Carr	11	8	-	-
Timothy Gurney	11	9	-	-
David Reid	9	5	-	-

A - The number of meetings eligible to attend.

B - The number of meetings attended.

- - Not a member of that committee.

Directors' report (continued)

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Amanda Pearce

Experience & Expertise: Experience in senior local government administration and related governance roles.

Principal Activities

The principal activities of the Company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating Results

The profit of the Company for the financial year after provision for income tax was:

	30 June 2024 (\$)	30 June 2023 (\$)	Movement
Profit After Tax	173,701	214,846	-19%

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.

Director's interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2023	Changes During the Year	Balance at 30 June 2024
Rob Donaldson	-	-	-
Caitlin Noonan	-	-	-
Michael Tarin	-	-	-
Steven James	7,502	-	7,502
Diana Smith	-	-	-
Mark Carr	5,000	-	5,000
Timothy Gurney	-	-	-
David Reid	-	-	-

Dividends

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

	Cents per Share	Total Amount (\$)
Final fully franked dividend	12.50	\$112,501
Total Amount	12.50	\$112,501

Directors' report (continued)

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant Changes in the State of Affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the Company, the results of those operations or the state of affairs of the company, in future financial years.

Likely Developments

The Company will continue its policy of providing banking services to the community.

Environmental Regulations

The Company is not subject to any significant environmental regulation.

Indemnification & Insurance of Directors & Officers

The Company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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. The Company has not provided any insurance for an auditor of the company or a related body corporate.

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*.

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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 28 to the accounts.

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services 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.

Directors' report (continued)

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 on page 9 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Port Lincoln, SA.



Rob Donaldson
Chair/Director

Dated this 25th day of September 2024

Auditor's independence declaration



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Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Port Lincoln Community Financial Services Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Port Lincoln Community Financial Services Limited. As the lead audit partner for the audit of the financial report for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

A handwritten signature in black ink, appearing to be 'JP', written over a light grey circular background.

Josh Porker
Principal

41A Breen Street
Bendigo VIC 3550

Dated: 30 September 2024

Financial statements

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue			
Revenue from contracts with customers	7	2,146,904	2,497,273
Other revenue	8	10,577	36,658
Finance income	9	26,223	9,890
		2,183,704	2,543,821
Expenses			
Employee benefits expense	10(a)	(889,864)	(864,363)
Depreciation and amortisation	10(b)	(105,834)	(103,755)
Finance costs	10(c)	(12,678)	(16,006)
Administration and general costs		(149,386)	(154,904)
Occupancy expenses		(64,190)	(43,922)
IT expenses		(24,801)	(22,582)
Freight expenses		(11,497)	(11,502)
Other expenses		(61,785)	(52,120)
		(1,320,035)	(1,269,154)
Operating profit before charitable donations and sponsorship		863,669	1,274,667
Charitable donations and sponsorship	10(d)	(632,067)	(978,793)
Profit before income tax		231,602	295,874
Income tax expense	11	(57,901)	(81,028)
Profit for the year after income tax		173,701	214,846
Total comprehensive income for the year		173,701	214,846
Profit attributable to the ordinary shareholders of the company		173,701	214,846
Total comprehensive income attributable to ordinary shareholders of the company		173,701	214,846
Earnings per share		¢	¢
- basic and diluted earnings per share	30	19.30	23.87

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	12	369,932	368,131
Trade and other receivables	13	189,853	219,293
Financial assets	14	739,987	715,332
Other assets	15	17,202	15,171
Total current assets		1,316,974	1,317,927
Non-current assets			
Property, plant and equipment	16	80,118	93,497
Right-of-use assets	17	243,455	314,355
Intangible assets	18	53,921	68,510
Deferred tax assets	19	25,399	29,212
Total non-current assets		402,893	505,574
Total assets		1,719,867	1,823,501
Liabilities			
Current liabilities			
Trade and other payables	20	92,030	104,207
Current tax liability	19	8,907	61,319
Lease liabilities	21	73,377	70,121
Employee benefits	22	101,277	117,144
Total current liabilities		275,591	352,791
Non-current liabilities			
Trade and other payables	20	29,178	43,768
Lease liabilities	21	169,224	242,602
Employee benefits	22	18,372	18,038
Total non-current liabilities		216,774	304,408
Total liabilities		492,365	657,199
Net assets		1,227,503	1,166,302
Equity			
Issued capital	23	900,008	900,008
Retained Earnings	24	327,495	266,294
Total equity		1,227,503	1,166,302

The accompanying notes form part of these financial statements

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		900,008	141,449	1,041,457
<i>Comprehensive income for the year</i>				
Profit for the year		-	214,846	214,846
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	29	-	(90,001)	(90,001)
Balance at 30 June 2023		900,008	266,294	1,166,302
Balance at 1 July 2023		900,008	266,294	1,166,302
<i>Comprehensive income for the year</i>				
Profit for the year		-	173,701	173,701
<i>Transactions with owners in their capacity as owners</i>				
Dividends paid or provided	29	-	(112,501)	(112,501)
Balance at 30 June 2024		900,008	327,495	1,227,503

The accompanying notes form part of these financial statements

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		2,185,357	2,488,729
Payments to suppliers and employees		(1,874,444)	(2,097,550)
Interest received		26,223	9,890
Income tax paid		(106,502)	(57,254)
Net cash flows provided by operating activities	25b	230,634	343,815
Cash flows from investing activities			
Purchase of property, plant and equipment		(6,964)	(4,280)
Purchase of investments		(24,655)	(307,207)
Purchase of intangible assets		(14,590)	(14,589)
Net cash flows used in investing activities		(46,209)	(326,076)
Cash flows from financing activities			
Repayment of lease liabilities		(70,123)	(91,248)
Dividends paid		(112,501)	(90,001)
Net cash flows used in financing activities		(182,624)	(181,249)
Net increase/(decrease) in cash held		1,801	(163,510)
Cash and cash equivalents at beginning of financial year		368,131	531,641
Cash and cash equivalents at end of financial year	25a	369,932	368,131

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Corporate Information

These financial statements and notes represent those of Port Lincoln Community Enterprises Pty Ltd (the Company) as an individual entity. Port Lincoln Community Enterprises Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 23rd September 2024.

Further information on the nature of the operations and principal activity of the Company is provided in the directors' report. Information on the company's related party relationships is provided in Note 27.

Note 2. Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

Note 3. Summary of Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic Dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Bank branch:

- Port Lincoln 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.

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

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the relevant Bendigo Bank entity 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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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
- 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.

(b) 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. Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the Company's revenue stream is as follows:

Revenue	Includes	Performance Obligation	Timing of Recognition
Franchise agreement profit share	Margin, commission and fee income	When the Company satisfies its obligation to arrange the services to be provided to the customer by the supplier (Bendigo & Adelaide Bank)	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days of month end

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue Calculation

The franchise agreement provides that three forms of revenue may be earned by the Company – 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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin

Margin is arrived at through the following calculation:

Interest paid by customers on loans, less interest paid to customers on deposits

plus

Deposit returns (i.e. interest return applied by BABL on deposits)

minus

Any costs of funds (i.e. interest applied by BABL to fund a loan)

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

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the Company has fulfilled its performance obligation.

The Company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Fee Income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo and Adelaide Bank entities 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 and Adelaide Bank may change the form and amount of financial return that the Company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other Revenue

The Company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue Recognition Policy
Discretionary financial contributions (also "Market Development Fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary Financial Contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo Bank has also made MDF payments to the Company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. The Company retains control over the funds, the funds are not refundable to Bendigo Bank.

(d) Employee Benefits

Short-term Employee Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Other Long-term Employee Benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income 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.

Deferred Tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

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.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(f) Cash & Cash Equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, Plant & Equipment

Recognition & Measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lives, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Franchise Fees	Straight line	5 Years
Leasehold improvements	Straight line	10 Years
Furniture & fittings	Straight line	5 Years
Motor vehicles	Straight line	5 years
Borrowing costs	Straight line	5 Years

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

(h) Intangible Assets

Intangible assets of the Company include the franchise fees paid to Bendigo Bank conveying the right to operate the Community Bank franchise.

Recognition & Measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent Expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets 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
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Recognition & Initial Measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & Subsequent Measurement

Financial Assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the Company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial Liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment

Non-derivative Financial Instruments

The Company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in Financial Statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The Company's trade receivables are limited to the monthly profit share distribution from Bendigo and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide Bank 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 also performed a historical assessment of receivables from Bendigo and Adelaide Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2024.

Non-financial Assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

(k) Issued Capital

Ordinary Shares

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

(l) Leases

As Lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the costs of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the Company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term Leases & Leases of Low-value Assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As Lessor

The Company has not been a party in an arrangement where it is a lessor.

(m) Standards Issued But Not Yet Effective

There are no new standards effective for annual reporting periods beginning after 1 July 2023 that are expected to have a significant impact on the Company's financial statements.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Note 4. Significant Accounting Judgements, Estimates & Assumptions

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 21 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the Company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset.
(b) Lease term	Whether the Company is reasonably certain to exercise extension options, termination periods, and purchase options.
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the Company and underlying asset including: <ul style="list-style-type: none">· the amount· the lease term· economic environment· any other relevant factors.

Notes to the financial statements (continued)

Note 4. Significant Accounting Judgements, Estimates & Assumptions (continued)

(b) Assumptions & Estimation Uncertainty

Information about assumptions and estimation uncertainties at 30 June 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 19 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised.
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset.
Note 22 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation.

Note 5. Financial Risk Management

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

(a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) 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 remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2024	Contractual Cash Flows			
	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Non-derivative Financial Liability				
Lease liabilities	242,601	82,800	177,944	-

(c) 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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price Risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Notes to the financial statements (continued)

Note 5. Financial Risk Management (continued)

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk.

The Company held cash and cash equivalents of \$369,932 at 30 June 2024 (2023: \$368,131). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

Note 6. Capital Management

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors 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:

- (a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and
- (b) 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 year ended 30 June 2024 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 7. Revenue From Contracts With Customers

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2024 \$	2023 \$
Revenue		
- Revenue from contracts with customers	2,146,904	2,497,273
<i>Disaggregation of Revenue From Contracts With Customers</i>		
- Margin income	1,795,586	2,130,844
- Fee income	115,577	122,231
- Commission income	235,741	244,198
	2,146,904	2,497,273

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Notes to the financial statements (continued)

Note 8. Other Revenue

The Company generates other sources of revenue as outlined below.

	2024 \$	2023 \$
Other Revenue		
- Rebates & Incentives	10,577	7,131
- Insurance & Recoveries	-	17
- Sundry Income	-	29,510
	10,577	36,658

Note 9. Finance Income

The Company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

	2024 \$	2023 \$
Finance Income		
<i>At amortised cost:</i>		
- Interest from term deposits	26,223	9,890
	26,223	9,890

Note 10. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee Benefits Expense

	2024 \$	2023 \$
<i>Employee Benefits Expense</i>		
- Wages & salaries	761,959	708,159
- Superannuation costs	87,485	86,912
- Other expenses related to employees	40,420	69,292
	889,864	864,363

(b) Depreciation & Amortisation Expense

	2024 \$	2023 \$
<i>Depreciation of Non-current Assets</i>		
- leasehold improvements	16,909	17,910
- furniture and fittings	3,435	7,071
	20,344	24,981
<i>Depreciation of Right-of-use Assets</i>		
- leased buildings	70,901	65,278
	70,901	65,278
<i>Amortisation of Intangible Assets</i>		
- franchise fees	14,589	13,496
	14,589	13,496
Total depreciation & amortisation expense	105,834	103,755

Notes to the financial statements (continued)

Note 10. Expenses (continued)

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the Company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	2024 \$	2023 \$
<i>Finance Costs</i>		
- Interest paid	12,678	16,006
	12,678	16,006

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

(d) Community Investments & Sponsorship

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 and grants).

	Note	2024 \$	2023 \$
<i>Community Investments & Sponsorship</i>			
- Direct sponsorship and grant payments		132,067	178,793
- Contribution to the Community Enterprise Foundation™	10(e)	500,000	800,000
		632,067	978,793

The funds contributed are held by the Community Enterprise Foundation (CEF) 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.

(e) Community Enterprise Foundation™ (CEF) Contributions

During the financial year the Company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2024 \$	2023 \$
<i>Disaggregation of CEF Funds</i>			
Opening balance		1,548,180	1,159,451
Contributions paid - Donation	10(d)	500,000	800,000
Contributions paid - Other		26,315	42,105
Grants paid out		(454,266)	(467,685)
Interest received		57,110	24,056
GST		22,725	26,644
Management fees incurred		(25,688)	(42,101)
Market movement in Wholesale Funds		-	(4,141)
Wholesale funds income distributions		8,549	9,851
Balance available for distribution		1,682,924	1,548,180

Notes to the financial statements (continued)

Note 11. Income Tax Expense

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The Components of Tax Expense

	2024 \$	2023 \$
Current tax expense	54,090	82,676
Deferred tax expense	3,811	(1,648)
	57,901	81,028

(b) Prima Facie Tax Payable

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2024 \$	2023 \$
Prima facie tax on profit before income tax at 25% (2023: 25%)	57,901	73,969
<i>Add Tax Effect Of:</i>		
- Under / (over) provision of prior years	-	7,059
Income tax attributable to the entity	57,901	81,028
The applicable weighted average effective tax rate is:	25.00%	25.00%

Note 12. Cash & Cash Equivalents

	2024 \$	2023 \$
Cash at bank and on hand	369,932	368,131
	369,932	368,131

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

Note 13. Trade & Other Receivables

	2024 \$	2023 \$
Current		
Trade receivables	189,853	219,293
	189,853	219,293

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo & Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

Notes to the financial statements (continued)

Note 14. Financial Assets

	2024 \$	2023 \$
<i>At Amortised Cost</i>		
Term deposits	739,987	715,332
	739,987	715,332

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

Note 15. Other Assets

	2024 \$	2023 \$
Prepayments	12,400	11,933
Accrued Income	4,802	3,238
	17,202	15,171

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

Note 16. Property, Plant & Equipment

(a) Carrying Amounts

	2024 \$			2023 \$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Leasehold improvements	434,086	368,388	65,698	434,086	351,478	82,608
Furniture & fittings	122,128	107,708	14,420	115,162	104,273	10,889
Computer Software	10,409	10,409	-	10,409	10,409	-
Total	566,623	486,505	80,118	559,657	466,160	93,497

(b) Movements in Carrying Amounts

2024	Leasehold Imp. \$	Furniture & Fittings \$	Total
Opening carrying value	82,608	10,888	93,496
Additions	-	6,966	6,966
Depreciation expense	(16,909)	(3,435)	(20,344)
Closing carrying value	65,699	14,419	80,118

2023	Leasehold Imp. \$	Furniture & Fittings \$	Total
Opening carrying value	100,519	13,679	114,198
Additions	-	4,280	4,280
Depreciation expense	(17,910)	(7,071)	(24,981)
Closing carrying value	82,609	10,888	93,497

Notes to the financial statements (continued)

Note 16. Property, Plant & Equipment (continued)

(c) Capital Expenditure Commitments

The entity does not have any capital expenditure commitments as at 30 June 2024 (2023: None).

(d) 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.

Note 17. Right-of-use Assets

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The Company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The Company's lease portfolio includes buildings.

Options to Extend or Terminate

The option to extend or terminate is contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	Leased Buildings \$	Total ROU Asset \$
Leased asset	335,859	335,859
Depreciation	(92,404)	(92,404)
Net carrying amount	243,455	243,455

Movements in carrying amounts:

	Leased Buildings \$	Total ROU Asset \$
Recognised on initial application of AASB 16	314,356	314,356
Depreciation expense	(70,901)	(70,901)
Net carrying amount	243,455	243,455

AASB 16 Amounts Recognised in the Statement of Profit or Loss and Other Comprehensive Income

	2024 \$	2023 \$
Depreciation expense related to right-of-use assets	70,901	21,503
Interest expense on lease liabilities	12,679	16,006

Notes to the financial statements (continued)

Note 18. Intangible Assets

(a) Carrying Amounts

	2024			2023		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	72,947	19,026	53,921	72,947	4,437	68,510
	72,947	19,026	53,921	72,947	4,437	68,510

(b) Movements in Carrying Amounts

2024	Franchise Fees \$	Total
Opening carrying value	68,510	68,510
Amortisation expense	(14,589)	(14,589)
Closing carrying value	53,921	53,921

2023	Franchise Fees \$	Total
Opening carrying value	72,947	72,947
Amortisation expense	(4,437)	(4,437)
Closing carrying value	68,510	68,510

Note 19. Tax Assets & Liabilities

(a) Current Tax

	2024 \$	2023 \$
Income tax payable/(refundable)	8,907	61,319

(b) Deferred Tax

Movement in the Company's deferred tax balances for the year ended 30 June 2024:

	30 June 2023 \$	Recognised in P & L \$	30 June 2024 \$
<i>Deferred Tax Assets</i>			
- Expense accruals	5,429	385	5,814
- Employee provisions	33,796	(3,884)	29,912
Total deferred tax assets	39,225	(3,499)	35,726
<i>Deferred Tax Liabilities</i>			
- Right-of-use assets	408	(195)	213
- Accrued income	809	392	1,201
- Prepayments	2,984	117	3,101
- Property, plant & equipment	5,812	-	5,812
Total deferred tax liabilities	10,013	314	10,327
Net deferred tax assets/(liabilities)	29,212	(3,185)	25,399

Notes to the financial statements (continued)

Note 19. Tax Assets & Liabilities (continued)

Movement in the Company's deferred tax balances for the year ended 30 June 2023:

	30 June 2022 \$	Recognised in P & L \$	30 June 2023 \$
<i>Deferred Tax Assets</i>			
- Expense accruals	3,565	1,864	5,429
- Right of use asset and liabilities	5,972	(5,972)	-
- Employee provisions	27,071	6,725	33,796
Total deferred tax assets	36,608	2,617	39,225
<i>Deferred Tax Liabilities</i>			
- Right-of-use assets	-	408	408
- Accrued income	65	744	809
- Prepayments	3,168	(184)	2,984
- Property, plant & equipment	5,812	-	5,812
Total deferred tax liabilities	9,045	968	10,013
Net deferred tax assets/(liabilities)	27,563	3,585	29,212

Note 20. Trade & Other Payables

	2024 \$	2023 \$
Current		
Trade creditors	18,330	27,104
Other creditors and accruals	73,700	77,103
	92,030	104,207
Non-Current		
Other creditors and accruals	29,178	43,768
	29,178	43,768

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Note 21. Lease Liabilities

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 4.5%.

The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The Company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight if appropriate.

Notes to the financial statements (continued)

Note 21. Lease Liabilities (continued)

(a) Lease Portfolio

The Company's lease portfolio includes:

Lease	Details
34 Liverpool Street Port Lincoln	The lease agreement is a non-cancellable lease with the final term of five years which commenced in March 2023.

The Company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(b) Lease Liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2024 \$	2023 \$
Current	73,377	70,121
Non-current	169,224	242,602

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2024 were as follows:

	Minimum lease payments due				Total
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	
30 June 2024					
Lease payments	82,800	82,800	95,144	-	260,744
Finance charges	(9,423)	(6,052)	(2,668)	-	(18,143)
Net present values	73,377	76,748	92,476	-	242,601
30 June 2023					
Lease payments	82,800	82,800	178,414	-	344,014
Finance charges	(12,679)	(9,423)	(9,189)	-	(31,291)
Net present values	70,121	73,377	169,225	-	312,723

Note 22. Employee Benefits

	2024 \$	2023 \$
Current		
Provision for annual leave	45,851	54,560
Provision for long service leave	55,426	62,584
	101,277	117,144
Non-Current		
Provision for long service leave	18,372	18,038
	18,372	18,038

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee Attrition Rates

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

Notes to the financial statements (continued)

Note 23. Issued Capital

(a) Issued Capital

	2024		2023	
	Number	\$	Number	\$
Ordinary shares - fully paid	900,008	900,008	900,008	900,008
	900,008	900,008	900,008	900,008

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2024	2023
	\$	\$
<i>Fully paid ordinary shares:</i>		
At the beginning of the reporting period	900,008	900,008
At the end of the reporting period	900,008	900,008

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

Note 24. Retained Earnings

	Note	2024	2023
		\$	\$
Balance at the beginning of the reporting period		266,294	141,449
Profit for the year after income tax		173,701	214,846
Dividends paid	29	(112,501)	(90,001)
Balance at the end of the reporting period		327,495	266,294

Note 25. Cash Flow Information

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to the Statement of Cash Flows as follows:

	Note	2024	2023
		\$	\$
Cash and cash equivalents	12	369,932	368,131
As per the Statement of Cash Flows		369,932	368,131

Notes to the financial statements (continued)

Note 25 Cash Flow Information (continued)

(b) Reconciliation of cash flow from operations with profit/loss after income tax

	2024 \$	2023 \$
Profit for the year after income tax	173,701	214,846
Non-cash flows in profit		
- Depreciation	91,245	90,709
- Amortisation	14,589	13,496
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	29,440	(42,223)
- (Increase) / decrease in prepayments and other assets	(2,032)	(2,242)
- (Increase) / decrease in deferred tax asset	3,811	(1,649)
- Increase / (decrease) in trade and other payables	(12,175)	18,558
- Increase / (decrease) in current tax liability	(52,412)	25,423
- Increase / (decrease) in provisions	(15,533)	26,897
Net cash flows from operating activities	230,634	343,815

Note 26. Financial Instruments

The following shows the carrying amounts for all financial instruments at amortised cost. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2024 \$	2023 \$
Financial Assets			
Trade and other receivables	13	189,853	219,293
Cash and cash equivalents	12	369,932	368,131
Term deposits	14	739,987	715,332
		1,299,772	1,302,756
Financial Liabilities			
Trade and other payables	20	121,208	147,975
Lease liabilities	21	242,601	312,723
		363,809	460,698

Note 27. Related Parties

(a) Key Management Personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that Company. The only key management personnel identified for the Company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key Management Personnel Compensation

No Director of the Company receives remuneration for services as a company director or committee member. These positions are held on a voluntary basis.

	2024 \$	2023 \$
Short-term employee benefits	13,320	13,260

Notes to the financial statements (continued)

Note 27. Related Parties (continued)

Short-term Employee Benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment Benefits

These amounts are the current year's estimated cost of providing the Company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other Long-term Benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions With Key Management Personnel & Related Parties

During the year, the Company purchased goods and services under normal terms and conditions, from related parties as follows:

Name of Related Party	Description of Goods or Services Provided	Value \$
RSM - Michael Tarin	Accountancy and share registry	24,998

(e) Key Management Personnel Shareholdings

The number of ordinary shares in the Company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other Key Management Transactions

There has been no other transactions key management or related parties other than those described above.

Note 28. Auditor's Remuneration

The appointed auditor of Port Lincoln Community Enterprises Pty Ltd for the year ended 30 June 2024 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2024 \$	2023 \$
<i>Audit & Review Services</i>		
Audit and review of financial statements (RSD Audit)	6,200	5,300
Total auditor's remuneration	6,200	5,300

Notes to the financial statements (continued)

Note 29. Dividends

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2024		2023	
	Number	\$	Number	\$
Fully franked dividend	900,008	112,501	900,008	90,001
Dividends provided for and paid during the year	900,008	112,501	900,008	90,001

The tax rate at which dividends have been franked is 25% (2023: 25%).

Note 30. Earnings Per Share

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2024	2023
	\$	\$
Profit attributable to ordinary shareholders	173,701	214,846

	Number	Number
Weighted average number of ordinary shares	900,008	900,008

	¢	¢
Basic and diluted earnings per share	19.30	23.87

Note 31. Events After the Reporting Period

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the Company's state of affairs.

Note 32. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 21. Details about any capital commitments are detailed in Note 16(c).

The Company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

Note 33. Company Details

The registered office of the Company is:

Port Lincoln Community Enterprises Pty Ltd 9-11 Mortlock Tce, Port Lincoln SA 5606

The principal places of business are:

Bendigo Bank Port Lincoln 34 Liverpool St, Port Lincoln SA 5606

Consolidated Entity Disclosure Statement

For the financial year ended 30 June 2024

The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*.

Port Lincoln Community Enterprises Pty Ltd has no controlled entities and, therefore, is not required by Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Directors' declaration

For the financial year ended 30 June 2024

In accordance with a resolution of the directors of Port Lincoln Community Enterprises Pty Ltd, we state that:

In the opinion of the directors:

- (a) The financial statements and notes of the Company are 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 performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The information disclosed in the attached consolidated entity disclosure statement, on page 36 is true and correct.

This declaration is made in accordance with a resolution of the board of directors.



Rob Donaldson
Chair/Director

Dated this 25th day of September 2024

Independent audit report



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT LINCOLN COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Port Lincoln Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the consolidated entity disclosure statement and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Port Lincoln Community Financial Services 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 and its cash flows for the year then ended; 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 Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (including Independence Standards) 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 opinion.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of:

- (a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- (b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- (i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- (ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

RSD Audit Pty Ltd
ABN 85 619 186 908

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Other Information

Those charged with governance 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 do 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.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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, related safeguards.



Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

RSD Audit

A handwritten signature in black ink, appearing to be 'JP', written over a light grey circular stamp.

Josh Porker
Principal

41A Breen Street
Bendigo VIC 3550

Dated: 30 September 2024

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