Annual Report 2024

Bright Community Financial Services Limited

Community Bank
Bright

ABN 93 117 798 553

Contents

Chairperson’s report

For year ending 30 June 2024

As the newly appointed Chairperson, it is my honour to present this report. This year has been remarkable for Community Bank Bright, building upon the successes of the previous year to achieve even greater heights.

The past financial year has indeed been a testament to the resilience and strategic acumen of Bright Community Financial Services Limited (BCFSL). Despite the ebbs and flows of the economic landscape, particularly the challenges in the loans sector and the shifting tides of the housing market, Community Bank Bright has not only sustained its growth but has also remarkably increased its community investment. This achievement speaks volumes about BCFSL’s commitment to its foundational principles and its unwavering dedication to the community it serves.

It is with great satisfaction that I announce a profit of $96,953 and an unprecedented annual community contribution of $184,479 for the 2023/2024 fiscal period. Throughout our seventeen-year history, we have consistently demonstrated our commitment to the community, contributing over $1 million to local projects, infrastructure, and activities that enrich our unique region.

Our mission remains clear: to disseminate the ethos of Community Bank Bright. The more customers we serve, the greater our profits, and the more substantial our investment in the community becomes.

Community Bank Bright’s ability to adapt to the changing banking behaviours, especially the shift towards digital banking, is commendable. By focusing on the essential needs of customers, such as robust money management advice and proactive measures against scams and fraud, Community Bank Bright has positioned itself as a pillar of trust and reliability. The increase in deposits is a clear indicator of the community’s confidence in Community Bank Bright’s ability to safeguard and grow their assets, even amidst a cost of living crisis.

The Board’s dedication to community investment has been unwavering, particularly in light of diminishing government recovery funds. This year’s significant community contributions have included a variety of projects and initiatives aimed at improving social, health, and sporting engagement of the whole of our community, thereby enhancing overall wellbeing. These investments include the Alpine Outreach Van, Bright Courthouse, NESAY Mental Health, Wandi Nut Festival, Alpine Health installation of fitness equipment, Alpine Children’s Centre, and support for many sporting groups.

In terms of marketing and promotional efforts, the Board has taken a strategic approach by re-engaging Allira Simpson, under the guidance of Board member Britt Howard, to bolster marketing and sponsorship endeavours. The success of this strategy is evident in the robust social media campaigns and the increased visibility of the benefits of sponsorship investments.

The marketing working group has established five core pillars—Wellbeing, Liveability, Culture, Youth, and Diversity—that guide the decision-making process for funding projects. Additionally, the implementation of the ‘Smarty Grants’ digital platform by Allira Simpson marks a significant advancement in managing the application process and assessing the impact of community sponsorships and grants. This platform is poised to streamline operations and enhance the effectiveness of the Board’s community support initiatives.

The past year has been a period of significant transition and growth for the Community Bank Bright. The return of Naomi and Courtney from parental leave, along with Ikeylia joining the lending space, has bolstered the team’s capabilities. The Board, with Lenore Harris’s guidance, has adeptly navigated the restructuring of staffing to accommodate part-time roles, emphasizing the importance of coaching and upskilling staff. This strategic move facilitated a smooth transition from Customer Service Officers to Customer Relationship Managers, ensuring that the branch continues to meet the evolving needs of its clientele.

As the new financial year is upon us, the strategic focus is clear: expanding the customer base, enhancing the visibility of Bendigo Bank’s diverse offerings, and reinforcing the commitment to community enrichment.

Chairperson's report (continued)

The Board's composition, with its blend of newer talent and seasoned expertise, is poised to steer the Community Bank Bright towards new heights. The collective experience of Ros Holland, Lenore Harris, Graham Gales, and Britt Howard, coupled with Helen Hofbauer's financial stewardship, forms a robust foundation for governance and strategic decision-making. Julie Blood's 12-year tenure and deep community ties further solidify the Board's position, ensuring that decisions are informed by a rich tapestry of local insights and long-standing institutional knowledge. The Board plans to increase the number of directors during the year with equally skilled and committed community residents.

The dedication and hard work of the entire team at Community Bank Bright, led by Branch Manager Mark Ditcham, have been instrumental in achieving high performance in benchmark reports. The commitment of each team member, including Naomi, Kasey, Courtney, Jill, Lisa, Leesa, Laura, and Ikeylia, is commendable as they serve as the Community Bank Bright's public face with unwavering dedication. The support from Bendigo Bank, particularly from Galen Munari and Kelly Torpey, has been invaluable, providing prompt and practical advice that has greatly contributed to our success. The People & Culture team at Bendigo Bank has also played a crucial role guiding important people decisions.

The shareholders' support is the foundation of the Community Bank's unique story, allowing the branch team and volunteer board to make a significant impact in the community. Their generosity has enabled Bright Community Financial Services Limited to flourish and positively transform the Bright area and its surroundings. The Board is deeply grateful to the shareholders for their unwavering support, which ensures that the Community Bank Bright's decisions are always in the best interest of the local community.

Looking ahead, Community Bank Bright is excited to continue its journey of growth and community enrichment. The branch's future endeavours will undoubtedly build on the solid foundation established by the collective efforts of its dedicated staff, supportive partners, board and generous shareholders. Together, we will strive to enhance the well-being and prosperity of the Bright community.

Warm regards.

Kim Murrells
Chairperson
Bright Community Financial Services Limited

Manager's report

For year ending 30 June 2024

It is once again my pleasure to submit the Branch Manager's report for Community Bank Bright.

I am proud to say that despite the challenges in our industry of economic uncertainty and competition, Community Bank Bright was again able to grow our business during this last financial year, and return a good profitable result, however, what is even more rewarding, was the fact that we were able to support our local communities with significant financial support to a wide range of local groups, clubs, and projects.

Our branch funds under management is over $160 million and during the last financial year we continued to increase our number of customers and accounts, as even more local individuals and businesses put their trust in Community Bank Bright to be their Bank of choice. This was no doubt not only due to the financial support we have provided to our community and high-quality service we provide, but also due to the company's commitment to provide a full-time banking branch in our community.

This sustained growth also allows the Board of Bright Community Financial Services Limited to continue its commitment to our communities with sponsorships and support to many local groups, clubs, and projects. It was an outstanding level of support handed back to our community last financial year, and a testament to the Community Bank model.

Community Bank Bright has a charter and purpose of giving back to our communities with a variety of support from Bright to Myrtleford and surrounds. We consider this to be a privilege, and something we remain enormously proud of.

Our local Community Bank Board also has an ongoing commitment to supporting our customers by maintaining a full service and fully staffed Branch which is open from 9.30am – 5pm Monday to Friday (closing from 1-2pm each day for lunch). Our branch and staff are also directly contactable by either email or phone, and even in this changing banking landscape of mobile and internet banking, we know that being present and available is valued by our customers and the community.

Our Community Bank Bright agency at Myrtleford continues to operate through the local business "Myrtleford Real Estate and Livestock". Their office is located at 99 Myrtle Street, Myrtleford and we again thank Greg, Ben and their team for supporting our Community Bank Agency. This has also allowed us to assist local groups and clubs in Myrtleford and surrounding communities.

From a banking perspective, the continued and valued support of Bendigo Bank means we can offer competitive products, and banking options and services to our customers. Operational risk and regulatory requirements are a critical area of focus for Bendigo Bank and for Community Bank Bright. This ensures our staff and branch adhere to its policies and procedures. The operational reviews conducted at our branch over the last 12 months confirm that our staff continue to meet these regulatory requirements.

I would again like to personally thank our fantastic staff, Laura, Kasey, Lisa, Jill, Leesa, Naomi, Courtney and Ikeylia for the support and high-quality service and care they provide to our customers. This level of personal service and care we provide is something we are also very proud of. The staff form a fantastic team and I also thank them for the support and assistance they provide to myself and the Board.

We receive tremendous support from Bendigo Bank such as our Business Bankers and our Rural Bank Agribusiness Managers. They are the specialists and experts in their respective areas of business, finance and agribusiness and provide great support and service to our branch and to our customers.

I also thank our Bendigo Bank support team of Galen Munari (Regional Manager) and the Risk & Compliance Management Team who also provide great support to our branch and staff.

Manager's report (continued)

I would also like to sincerely thank all members of our local Board of Community Bank Bright. We really value and appreciate the support and assistance provided by the Board. The Board members are all volunteers and I thank our current Chairperson, Kim Murrells, and past person in that role, Ros Holland, and all the Board members for their support, passion, and commitment to the community and our business.

Most importantly of all I would like to thank our local shareholders, our individual customers and the local businesses, clubs and groups that choose to do their banking with Community Bank Bright. It is only because they trust their banking to us that we can provide our invaluable support and give back to our local communities.

Our success is linked to the success of our communities so assisting local groups and supporting community events and projects is ultimately good for all of us.

On behalf of the branch staff, we look forward to the next 12 months and another year of servicing our current, new, and potential customers, growing our business, and continuing to support our communities.

Thank you

Mark Ditcham
Branch Manager

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:	Kim Kristalyn Murrells
Title:	Non-executive director (appointed 23 August 2023)
Experience and expertise:	With post graduate qualifications in Business and HR, Kim has a background in HR spanning 25 years. From running small HR consulting businesses to senior HR positions in manufacturing, retail and professional service industries Kim brings her experience to the Community Bank Bright board. Her passion to improve the lives of people in our community brings her expertise and energy to the Chair role.
Special responsibilities:	Chair, People working party

Name:	Rosalind Anne Holland
Title:	Non-executive director
Experience and expertise:	Grad Dip Bus Mgt, Assoc Dip Bus Admin. Business management consulting 16 years – public, private and NFP organisations. Positions in the public and private sectors in the people and business management – 10 years. Currently owner and manager Bright Mystic Valley Accommodation. Member of the Bright and District Chamber of Commerce. Owner and manager holiday accommodation.
Special responsibilities:	Nil

Name:	Julie Rose Blood
Title:	Non-executive director
Experience and expertise:	Office manager for 22 years. Bright Community Financial Services Limited Company Secretary for 10 years. General Manager at Bright Vehicle Preservation Society for 3 years. Past President of United Bright Football and Netball Club and Bright Junior Football Club. Past Treasurer for Bright Wanderers Cricket Club.
Special responsibilities:	Company Secretary

Name:	Graham Wayne Gales
Title:	Non-executive director
Experience and expertise:	B. Sc. (Ed.) (Melbourne), Grad Dip. Ed. Studies (Charles Sturt). Teacher and Curriculum Consultant, Victorian Department of Education. Controller, Bright SES; SES volunteer; SES Regional Trainer and RCR Assessor. Member, Upper Ovens Landcare Group. Volunteer Guide, Alpine National Park, Parks Victoria. Volunteer, Hut restorations, Alpine National Park, Parks Victoria.
Special responsibilities:	Nil

Name:	Britt Howard
Title:	Non-executive director
Experience and expertise:	Britt is an enthusiastic person who loves design, and after two decades working in corporate IT sales and marketing roles in big cities, she moved to Bright in 2017. Here she re-trained to be an Interior Designer & Decorator, opening her own studio and employing locals, working with residential renovation clients in the Alpine Shire. She loves our local community and is hard working and committed. Super passionate about nature, architecture, art, colour & design, her work helps to enrich the lives of her clients and the community through best practices and sustainability in design. She has previously been Vice President of the Bright Community Co-working space and also holds a Bachelor of Business majoring in Marketing and Tourism.
Special responsibilities:	Marketing and communication working party; Sponsorship working party

Name:	Lenore Harris
Title:	Non-executive director
Experience and expertise:	Experienced retail and human resources manager with experience in training, organisational development, operational human resources and communication. Bachelor of Arts and Diploma in Investor Relations.
Special responsibilities:	People working party; Sponsorship working party
Name:	Helen Fay Hofbauer
Title:	Non-executive director
Experience and expertise:	Currently managing the accounts, administration and payroll for a local construction company. 20 years experience employed by Alpine Health in the role of Client Services. A 6-year volunteer role as the bookkeeper and office manager for the Mt Hotham Race Squad - a not-for-profit club. Previously a receptionist at the historic Mt Buffalo Chalet and an administration role at Cresta Valley for the Department of Conservation and Environment.
Special responsibilities:	Treasurer; Sponsorship working party
Name:	Josef Wowk
Title:	Non-executive director (resigned 29 November 2023)
Experience and expertise:	Certificate of Business Studies (Banking & Finance). 26 years of banking experience at CBC and NAB. Owner/operator of a news agency/lotto business for 10 years. Bright Tourism/Accommodation Operator 5 years. Several positions held with community groups including Treasurer/Secretary of the Lions club and Tennis club. Currently retired.
Special responsibilities:	Treasurer; Sponsorship working party
Name:	William George Andrews
Title:	Non-executive director (resigned 29 November 2023)
Experience and expertise:	Secondary Teacher for 20 years, Brown Brothers Cellar Door Manager for 8 years, Proprietor for Wattle Park Cellars for 5 years and Fine Wine Manager at Dan Murphy's for 10 years. President of Buckley Ridges, Rainbow and Bright Wanderers Cricket Clubs, Vice President of Dandenong & District Cricket Association and Ovens & Kiewa cricket association. Committee member of Rainbow Football Club, Bright Football Club and Rutherglen Winemakers. Member of the Bright and District Chamber of Commerce. Tourism operator.
Special responsibilities:	OHS working party
Name:	Timothy David May
Title:	Non-executive director (resigned 29 November 2023)
Experience and expertise:	Solicitor admitted to practice in October 2002, Bachelor of Laws, Graduate Diploma Legal Practice. Director and Principal Toner & May Legal Pty Ltd. 2015-present. Twenty years experience merchant banking and finance UK and Australia. Member of Law Institute Victoria and Bright Country Golf Club.
Special responsibilities:	Property working party

Company secretary
The Company secretary is Julie Blood. Julie was appointed to the position of company secretary on 23 May 2011.

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 $96,953 (30 June 2023: $338,745).

Operations have continued to perform in line with expectations.

Dividends
During the financial year, the following dividends were provided for and paid as presented in the Statement of change in equity and Statement of cash flows.

	2024 $	2023 $
Fully franked dividend of 9 cents per share (2023: 5 cents)	62,470	34,706

During the financial year, the following dividends were provided for but not paid as presented in the Statement of changes in equity.

	2024 $
Fully franked dividend of 3 cents per share	20,823

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

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

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

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

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

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
Kim Kristalyn Murrells	10	9
Rosalind Anne Holland	11	9
Julie Rose Blood	11	11
Graham Wayne Gales	11	10
Britt Howard	11	8
Lenore Harris	11	11
Helen Fay Hofbauer	11	9
Josef Wowk	5	4
William George Andrews	5	4
Timothy David May	5	4

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

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Kim Kristalyn Murrells	-	-	-
Rosalind Anne Holland	600	-	600
Julie Rose Blood	-	-	-
Graham Wayne Gales	5,000	-	5,000
Britt Howard	-	-	-
Lenore Harris	-	-	-
Helen Fay Hofbauer	-	-	-
Josef Wowk	-	-	-
William George Andrews	500	-	500
Timothy David May	-	-	-

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 25 to the accounts.

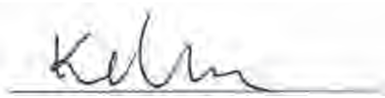
The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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



Kim Kristalyn Murrells
Chair

24 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 Bright Community Financial Services Limited

As lead auditor for the audit of Bright Community Financial Services 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: 24 September 2024

Lachlan Tatt
Lead Auditor

Financial statements

Bright Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	7	1,123,393	1,292,190
Other revenue		10,593	-
Finance revenue		35,676	13,521
Total revenue		1,169,662	1,305,711
Employee benefits expense	8	(524,509)	(453,495)
Advertising and marketing costs		(49,920)	(14,136)
Occupancy and associated costs		(17,045)	(13,890)
System costs		(18,311)	(16,858)
Depreciation and amortisation expense	8	(63,682)	(66,332)
Finance costs	8	(11,907)	(12,326)
General administration expenses		(173,729)	(144,464)
Total expenses before community contributions and income tax		(859,103)	(721,501)
Profit before community contributions and income tax expense		310,559	584,210
Charitable donations, sponsorships and grants expense		(184,479)	(137,482)
Profit before income tax expense		126,080	446,728
Income tax expense	9	(29,127)	(107,983)
Profit after income tax expense for the year		96,953	338,745
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		96,953	338,745
		Cents	**Cents**
Basic earnings per share	27	13.97	48.80
Diluted earnings per share	27	13.97	48.80

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

Bright Community Financial Services Limited
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	97,968	312,738
Trade and other receivables	11	106,107	120,008
Investments	12	926,909	800,740
Current tax assets	9	77,091	-
Total current assets		1,208,075	1,233,486
Non-current assets			
Property, plant and equipment	13	10,307	23,973
Right-of-use assets	14	269,645	291,217
Intangible assets	15	29,201	42,856
Deferred tax assets	9	26,994	25,301
Total non-current assets		336,147	383,347
Total assets		1,544,222	1,616,833
Liabilities			
Current liabilities			
Trade and other payables	16	122,452	86,455
Borrowings		5,544	4,490
Lease liabilities	17	42,355	32,785
Current tax liabilities	9	-	88,121
Employee benefits	18	66,767	61,822
Total current liabilities		237,118	273,673
Non-current liabilities			
Trade and other payables	16	15,244	30,487
Borrowings		9,971	15,992
Lease liabilities	17	243,878	275,742
Employee benefits	18	13,676	10,936
Lease make good provision		17,377	16,705
Total non-current liabilities		300,146	349,862
Total liabilities		537,264	623,535
Net assets		1,006,958	993,298
Equity			
Issued capital	19	670,347	670,347
Retained earnings		336,611	322,951
Total equity		1,006,958	993,298

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

Bright Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		670,347	18,912	689,259
Profit after income tax expense		-	338,745	338,745
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	21	-	(34,706)	(34,706)
Balance at 30 June 2023		670,347	322,951	993,298

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2023		670,347	322,951	993,298
Profit after income tax expense		-	96,953	96,953
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	21	-	(83,293)	(83,293)
Balance at 30 June 2024		670,347	336,611	1,006,958

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

Bright Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,264,748	1,381,379
Payments to suppliers and employees (inclusive of GST)		(1,087,238)	(856,781)
Interest received		34,814	6,578
Income taxes paid		(174,020)	(24,484)
Net cash provided by operating activities	26	38,304	506,692
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(126,169)	(217,535)
Payments for intangible assets		(13,857)	(13,857)
Net cash used in investing activities		(140,026)	(231,392)
Cash flows from financing activities			
Repayment of borrowings		(4,967)	(5,561)
Interest and other finance costs paid		(11,311)	(11,746)
Dividends paid	21	(62,470)	(34,706)
Repayment of lease liabilities		(34,300)	(27,519)
Net cash used in financing activities		(113,048)	(79,532)
Net increase/(decrease) in cash and cash equivalents		(214,770)	195,768
Cash and cash equivalents at the beginning of the financial year		312,738	116,970
Cash and cash equivalents at the end of the financial year	10	97,968	312,738

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 2, 104 Gavan Street, Bright VIC 3741.

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 24 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. Investments are carried at amortised cost using the effective interest rate method.

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

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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

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

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

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

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

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

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

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

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, 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 to the extent that the company is reasonably certain it will 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.

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

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

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

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

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 October 2026.

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

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

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

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

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

Note 6. Change to comparative figures

Classification of term deposits
During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparatives figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

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

- Cash and cash equivalents decreased and investments increased by $800,740 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company’s net profit or net asset position.

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company’s net profit or net asset position, however it did reduce the company’s right-of-use asset cost and accumulated depreciation at 30 June 2023 by $720.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	983,526	1,155,740
Fee income	57,390	50,583
Commission income	82,477	85,867
	1,123,393	1,292,190

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.

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

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

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

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

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

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

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

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	433,080	333,883
Non-cash benefits	433	1,122
Superannuation contributions	48,517	40,501
Expenses related to long service leave	9,158	9,676
Other expenses	33,321	68,313
	524,509	453,495

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	5,757	6,202

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Furniture, fixtures and fittings	4,962	9,348
Motor vehicles	8,704	8,840
	13,666	18,188
Depreciation of right-of-use assets		
Leased land and buildings	36,361	34,762
Amortisation of intangible assets		
Franchise fee	2,343	2,163
Franchise renewal fee	11,312	11,219
	13,655	13,382
	63,682	66,332

Finance costs

	2024 $	2023 $
Bank loan interest paid or accrued	1,025	431
Lease interest expense	10,286	11,315
Unwinding of make-good provision	596	580
	11,907	12,326

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

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	33,214	114,532
Movement in deferred tax	(1,694)	(2,394)
Under/over adjustment	(2,393)	(4,155)
Aggregate income tax expense	29,127	107,983
Prima facie income tax reconciliation		
Profit before income tax expense	126,080	446,728
Tax at the statutory tax rate of 25%	31,520	111,682
Tax effect of:		
Non-deductible expenses	-	456
	31,520	112,138
Under/over adjustment	(2,393)	(4,155)
Income tax expense	29,127	107,983

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Employee benefits	20,454	18,533
Provision for lease make good	4,344	4,176
Income accruals	(1,951)	(1,736)
Lease liabilities	71,558	77,132
Right-of-use assets	(67,411)	(72,804)
Deferred tax asset	26,994	25,301

	2024 $	2023 $
Income tax refund due	77,091	-

	2024 $	2023 $
Provision for income tax	-	88,121

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.

Note 9. Income tax (continued)

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	97,968	312,738

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	93,271	110,245
Other receivables and accruals	8,261	7,399
Prepayments	4,575	2,364
	12,836	9,763
	106,107	120,008

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	926,909	800,740

Note 13. Property, plant and equipment

	2024 $	2023 $
Furniture, fixtures and fittings - at cost	196,315	196,315
Less: Accumulated depreciation	(186,008)	(181,046)
	10,307	15,269
Motor vehicles - at cost	42,046	42,046
Less: Accumulated depreciation	(42,046)	(33,342)
	-	8,704
	10,307	23,973

Note 13. Property, plant and equipment (continued)

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

	Furniture, fixtures and fittings $	Motor vehicles $	Total $
Balance at 1 July 2022	24,617	17,544	42,161
Depreciation	(9,348)	(8,840)	(18,188)
Balance at 30 June 2023	15,269	8,704	23,973
Depreciation	(4,962)	(8,704)	(13,666)
Balance at 30 June 2024	10,307	-	10,307

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

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

Furniture, fixtures and fittings	5 to 13 years
Motor vehicle	4 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	439,289	424,500
Less: Accumulated depreciation	(169,644)	(133,283)
	269,645	291,217

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

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

	Land and buildings $
Balance at 1 July 2022	306,643
Remeasurement adjustments	19,336
Depreciation expense	(34,762)
Balance at 30 June 2023	291,217
Remeasurement adjustments	14,789
Depreciation expense	(36,361)
Balance at 30 June 2024	269,645

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	101,329	101,329
Less: Accumulated amortisation	(96,462)	(94,119)
	4,867	7,210
Franchise renewal fee	110,036	110,036
Less: Accumulated amortisation	(85,702)	(74,390)
	24,334	35,646
	29,201	42,856

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	9,373	46,865	56,238
Amortisation expense	(2,163)	(11,219)	(13,382)
Balance at 30 June 2023	7,210	35,646	42,856
Amortisation expense	(2,343)	(11,312)	(13,655)
Balance at 30 June 2024	4,867	24,334	29,201

Note 15. Intangible assets (continued)

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)	October 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 2026

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

Note 16. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	60,396	41,436
Other payables and accruals	62,056	45,019
	122,452	86,455
Non-current liabilities		
Other payables and accruals	15,244	30,487

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	137,696	116,942
Less: other payables and accruals (net GST payable to the ATO)	(25,719)	(35,433)
	111,977	81,509

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	42,355	32,785
Non-current liabilities		
Land and buildings lease liabilities	243,878	275,742

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	308,527	316,710
Remeasurement adjustments	12,006	19,336
Lease interest expense	10,286	11,315
Lease payments - total cash outflow	(44,586)	(38,834)
	286,233	308,527

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Bright branch premises	3.54%	5 years	3 x 5 years	Yes (1 x 5 years) No (2 x 5 years)	September 2031

Note 18. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	19,524	20,998
Long service leave	47,243	40,824
	66,767	61,822
Non-current liabilities		
Long service leave	13,676	10,936

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

Note 18. Employee benefits (continued)

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

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

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	694,113	694,113	694,113	694,113
Less: Equity raising costs	-	-	(23,766)	(23,766)
	694,113	694,113	670,347	670,347

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

Rights attached to issued capital

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

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

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.

Note 19. Issued capital (continued)

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

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

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

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

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

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

Note 20. Capital management

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

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

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 21. Dividends

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

	2024 $	2023 $
Fully franked dividend of 9 cents per share (2023: 5 cents)	62,470	34,706

Note 21. Dividends (continued)

Dividends declared during the period and provided for at balance date
The following dividends were declared for during the reporting period which are provided for at balance date as they are yet to be paid to shareholders, as presented in the Statement of changes in equity.

	2024 $	2023 $
Fully franked dividend of 3 cents per share (2023: nil cents)	20,823	-

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

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	84,841	71,926
Franking credits (debits) arising from income taxes paid (refunded)	174,020	24,484
Franking debits from the payment of franked distributions	(20,823)	(11,569)
	238,038	84,841
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	238,038	84,841
Franking credits (debits) that will arise from payment (refund) of income tax	(48,476)	88,121
Franking debits that will arise from payment of dividends subsequent to financial year end	(6,941)	-
Franking credits available for future reporting periods	182,621	172,962

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

Note 22. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments lease liabilities and borrowings. 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.

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

Note 22. Financial risk management (continued)

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 11)	101,532	117,644
Cash and cash equivalents (note 10)	97,968	312,738
Investments (note 12)	926,909	800,740
	1,126,409	1,231,122
Financial liabilities		
Trade and other payables (note 16)	111,977	81,509
Lease liabilities (note 17)	286,233	308,527
Borrowings	15,515	20,482
	413,725	410,518

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

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

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

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 classifies its financial liabilities at amortised cost.

Derecognition
A financial liability is derecognised when it is extinguished, cancelled or expires.

Financial risk management
The company has exposure to credit, liquidity and market risk arising from financial instruments. 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 use derivative instruments. Risk management is carried out directly by the board.

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.

Note 22. Financial risk management (continued)

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 $97,968 and investments of $926,909 at 30 June 2024 (2023: $312,738 and $800,740).

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 $
Borrowings	5,992	10,000	-	15,992
Trade and other payables	96,733	15,244	-	111,977
Lease liabilities	43,001	178,860	101,896	323,757
Total non-derivatives	145,726	204,104	101,896	451,726

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Borrowings	5,992	15,992	-	21,984
Trade and other payables	51,022	30,487	-	81,509
Lease liabilities	43,178	172,713	140,329	356,220
Total non-derivatives	100,192	219,192	140,329	459,713

Note 23. Key management personnel disclosures

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

Kim Kristalyn Murrells
Rosalind Anne Holland
Julie Rose Blood
Graham Wayne Gales
Britt Howard
Lenore Harris
Helen Fay Hofbauer
William George Andrews
Timothy David May
Josef Wowk

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

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

Note 24. Related party transactions

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

Note 24. Related party transactions (continued)

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

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

	2024 $	2023 $
The company used the secretary services of Julie Rose Blood through her company Blood's Secretarial Services. The total benefit received was:	11,675	6,375
The company provided a sponsorship of Balloon Light for local SES unit of which Graham Wayne Gales is a controller. The total benefit received was:	6,300	-

Note 25. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	7,040	5,400
Other services		
General advisory services	5,204	5,610
Share registry services	5,689	4,653
	10,893	10,263
	17,933	15,663

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

	2024 $	2023 $
Profit after income tax expense for the year	96,953	338,745
Adjustments for:		
Depreciation and amortisation	63,682	66,332
Finance costs - non-cash	1,025	431
Lease liabilities interest amount	10,286	11,315
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	13,901	(43,856)
Increase in current tax assets	(77,091)	-
Increase in deferred tax assets	(1,693)	(2,394)
Increase in trade and other payables	11,081	47,819
Increase/(decrease) in current tax liabilities	(88,121)	79,290
Increase in employee benefits	7,685	8,431
Increase in provisions	596	579
Net cash provided by operating activities	38,304	506,692

Note 27. Earnings per share

	2024 $	2023 $
Profit after income tax	96,953	338,745
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	694,113	694,113
Weighted average number of ordinary shares used in calculating diluted earnings per share	694,113	694,113
	Cents	**Cents**
Basic earnings per share	13.97	48.80
Diluted earnings per share	13.97	48.80

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Bright Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

Directors' declaration

30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 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

Kim Kristalyn Murrells
Chair

24 September 2024

Independent audit report

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

Independent auditor's report to the Directors of Bright Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bright Community Financial Services 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 Bright 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 for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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: 24 September 2024

Lachlan Tatt
Lead Auditor

Community Bank · Bright
Shop 2, 104 Gavan Street, Bright VIC 3741
Phone: 03 5755 1932 Fax: 03 5755 1107
Email: bright@bendigoadelaide.com.au
Web: bendigobank.com.au/bright

Myrtleford
Myrtleford Real Estate and Livestock Office
99 Myrtle Street, Myrtleford VIC 3737
Phone: 03 5752 1304

Franchisee: Bright Community Financial Services Limited
ABN: 93 117 798 553
Shop 2, 104 Gavan Street, Bright VIC 3741
Phone: 03 5755 1932

/communitybankbright

Bendigo Bank