BENDIGO TELCO LIMITED

A.B.N. 88 089 782 203

2023 FINANCIAL REPORT

OPERATING AND FINANCIAL REVIEW

PRINCIPAL ACTIVITIES

The principal activities of Bendigo Telco Limited (the Group) during the course of the financial year were telecommunications services.

OPERATING RESULTS AND REVIEW OF OPERATIONS

Operational Review

The Bendigo Telco Group has continued to navigate through a dynamic and challenging telecommunications market as well as investing in broadening our products and services in support of our strategy to achieve a strong EBITDA of $2,469,067 and an after-tax profit of $63,466 for the financial year ended 30 June 2023.

The Group's revenue and margins from traditional voice and data products continued to decline as projected and were in line with the broader trends seen in the telecommunications industry, we have refused to compete on price to achieve revenue growth and will focus on the provision of quality products, service and advice to our customer base. Revenue and margin from data centre and metropolitan area network, infrastructure built when no such access was available for key clients in our local regional market, also decreased during the year. However, the decline in these areas was balanced by modest and prudent growth in mobile, SIP and cloud revenues, as well as significant expansion in Managed IT Service revenue. Consequently, the total revenues rose by 5.53% from the prior year.

The Group remained focused on delivering its strategy and corporate purpose over the past 12 months. The Group's vision to be 'our customers preferred technology partner' is supported by our investment in broadening our product and service suite to now include 'end user compute', hosted cloud services, line of business applications support, network services, hosted voice, mobility, and field engineers, all of which are complimented with our managed services.

Additionally, we have continued to invest in adapting our service model and strengthening our existing product suite to ensure that we remain competitive and relevant to the ever-changing needs of the customers and communities we have the privilege to serve.

The Group places a strong emphasis on the efficient and effective delivery of its products and services. A continued focus on maturing the Group's 'way of working' is at the forefront, ensuring that it has the right capabilities, capacity, systems and processes in place to support quality service delivery.

As with many peers, the Group has been challenged with the attraction and retention of capable staff who are aligned to our purpose driven strategy, particularly in the technical space and anticipate that we will continue to be challenged with access to talent the coming year.

Business Asset Acquisition

On 1 September 2022, the Group completed its acquisition of the Managed Service customers from Boltons Office Supplies Pty Ltd. The directors of the Group concluded the acquisition of these businesses gave rise to an asset acquisition as opposed to a business combination. Refer to Note 2 for details of the key judgements applied by directors. The Group agreed to a purchase price of $250,000.

Refinance of Business Loan

The Group successfully renegotiated its $1.5m business loan facility with Bendigo & Adelaide Bank. The new loan agreement was executed on the 30 June 2023, with the settlement promptly completed on 4 July 2023. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term.

Property Leases

During the financial year, the Group reviewed its property lease arrangements and subsequently made the decision to not negotiate a new lease for its office space at Peel Street, Ballarat.

The Peel Street premise was vacated and make-good completed prior to 30 June 2023. As this lease did not contain any further terms, the group was not required to perform any remeasurements of its right of use assets/lease liabilities.

The Group also formally surrendered its existing lease for Innovation Court, Kennington, and entered into a new lease agreement securing an extended access to the property. The new 5-year lease commenced on 1 September 2022 and has an additional 5-year option.

Cyber Security Risks

The Group acknowledges the critical importance of cyber security in safeguarding our and our customers operations, assets, and sensitive data. The Group has robust information systems, networks and processes in place to identify, evaluate and mitigate any potential threats and vulnerabilities.

The Group employs a multi-layered cybersecurity strategy that includes firewalls, intrusion detection systems, data encryption, access controls, and employee training programs aimed at protecting our systems and data from unauthorized access, breaches, and other cyber threats.

In the event of a cybersecurity incident, we have a well-defined incident response plan in place. This plan outlines procedures for reporting, investigating, and mitigating security breaches, as well as communicating with stakeholders and regulatory authorities when necessary.

A successful cyberattack could potentially result in operation disruption, financial loss, and reputational damage however despite these risks, we are dedicated to managing cybersecurity effectively and have insurance coverage in place to mitigate certain financial impacts in the event of a significant breach.

Financial and Operating Results

Total Group revenue increased by 5.53% from the prior year delivering a total turnover of $28,058,440 (FY22: $26,589,243).

The NPAT result for the year, on a reported basis, was a profit of $63,466 (FY22: $251,815).

Summary financial results	FY23 $'000	FY22 $'000	Change (%)
Revenue	28,058	26,589	5.52%
Gross margin	15,075	14,032	7.43%
EBITDA	2,469	2,863	(13.76%)
Net profit/(loss) after tax	63	252	(75.00%)
Earnings per share (cents)	0.82	3.25	

The net assets of the Group decreased by $208,057 from the prior year to $7,288,877 (FY22: $7,496,934). The Group was able to maintain a creditable equity ratio of 54.34% (FY22: 51.66%) and recorded working capital of $334,971 with current assets of $3,975,703 exceeding current liabilities of $3,640,732.

The improved working capital was resultant on the successful renegotiation of the $1.5m business loan with Bendigo & Adelaide Bank. The Group previously classified its borrowings payable as a current liability on the statement of the financial position, due to the loan term terminating in August 2023. However, with the formalisation of the new loan agreement, the Group has recorded the loan payable between its current and non-current portion appropriately, removing any previous working capital deficiency pressures.

After careful consideration of the Groups financial performance, strategic goals and continued investment in transitioning to become our customers preferred technology partner, the directors resolved that the Group would not declare a final dividend for this financial year.

Year Ahead

FY24 will continue to present the Group with a combination of challenges and opportunities. The Group's revenues and margins from traditional voice and data as well as data center and metropolitan area network will continue to reduce however the Group will continue to maintain focus and momentum on new opportunities that are being generated in the market to balance this loss whilst maintaining support and service to our loyal customers and communities.

As we continue to execute our strategy and position the Group as a preferred technology partner, we remain committed to ensuring that we build long term sustainability whilst meeting the high demand for digital services across the communities that we serve.

The board maintains its confidence in the Group's strategic priorities and objectives. The continued investment in people, products, and processes, while actively seeking opportunities for both organic and inorganic growth, will bolster the Group's potential for sustained success, shareholder value and strategic value for all stakeholders.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year the Board of Directors resolved to not declare a final dividend.

The Group has successfully renegotiated its $1.5m business loan facility with Bendigo & Adelaide Bank. Signing a new loan agreement on the 30 June 2023, with the settlement promptly executed on July 4. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term.

The Group previously classified its borrowings payable as a current liability on the statement of the financial position, due to the loan term terminating in August 2023. However with the formalisation of the new loan agreement, the Group has recorded the loan payable between its current and non-current portion appropriately. Removing any previously working capital deficiency pressures.

Since the end of the financial year, the Group has been notified that a customer with a material debtor balance has entered voluntary administration. Due to the uncertainty over the ability to recover the balance, the Group has increased the provision for impairment to reflect the increased risk.

FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

Disclosure of information relating to major developments in the operations of the Group and the expected results of those operations in future financial years, which, in the opinion of the directors, will not unreasonably prejudice the interests of the Group, is contained in the Report by the Chairman and Managing Director in the Concise Annual Report.

ENVIRONMENTAL ISSUES

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

CORPORATE GOVERNANCE STATEMENT

Bendigo Telco Limited is committed to high standards of Corporate Governance. This commitment applies to the conduct of its business dealings with its customers and its dealings with its shareholders, employees, suppliers and the Community.

The Board of Bendigo Telco Limited have adopted the following principles of Corporate Governance. The policies may be viewed on the group website www.bendigotelco.com.au.

1. A Board Charter which outlines the responsibilities of the Board by formalising and disclosing functions reserved to the Board and those delegated to management.
2. An Audit and Risk Committee Charter and the appointment of the Audit and Risk Committee as a sub-committee of the Board. The members of the Audit and Risk Committee were Directors Rob Hunt, Rod Payne, Kevin Dole, Don Erskine and Greg Gillett.
3. A Share Trading policy which outlines directors and employees obligations in trading in its securities. The policy restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the Group's security price.
4. A Remuneration policy which sets out the terms and conditions for the Managing Director and other senior managers. The members of the Remuneration Committee were Directors Rob Hunt and Don Erskine.
5. A Continuous Disclosure policy which complies with the obligations imposed by National Stock Exchange (NSX) Listing Rules and the *Corporations Act 2001* . This policy requires immediate notification to the NSX of any information concerning the group, of which it is aware or becomes aware, which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the group shares.

BOARD COMPOSITION

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report are detailed in the director's report.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred herein as the Group) consisting of Bendigo Telco Limited and its controlled entities for the financial year ended 30 June 2023. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2023 and is to be read in conjunction with the following information:

GENERAL INFORMATION

DIRECTORS

The following persons were directors of the Group during or since the end of the financial year up to the date of this report:

Mr R Hunt (Chairman)	Mr K Dole
Mr D Erskine	Mr G Gillett
Mr J Selkirk	Ms N Rooke
Mr R Payne	Mr S Griffin (Appointed 19th October 2022)

Particulars of each director's experience and qualifications are set out later in this report.

DIVIDENDS PAID OR RECOMMENDED

Ordinary Dividends Paid (Fully Franked):

	Cents	$
Final – September 2022	2.00	155,156
Interim – March 2023	1.50	116,367
	3.50	**271,523**

Ordinary Dividends Declared (Fully Franked):

Final - September 2023	0.00	-

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

PROCEEDINGS ON BEHALF OF GROUP

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

The Group was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

The Group may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the Group 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 the notes to the accounts.

The Board of Directors, in accordance with advice from the Audit and Risk Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* . The directors are satisfied that the following services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the Audit and Risk Committee prior to the commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and

- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with the APES 110: *Code of Ethics for Professional Accountants* set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or are payable to Andrew Frewin Stewart for non-audit services provided during the year ended 30 June 2023:

	$
Taxation services	995
Share registry services	13,650
	14,645

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2023 as required under section 307C of the *Corporations Act 2001* , has been received and can be found on page 16 of the financial report.

OPTIONS

The Group has not issued any share options.

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report are detailed below.

Robert Hunt – AM, FAICD - Chairman

Occupation	Director / Investor
Qualifications	Fellow of the Australian Institute of Company Directors, 2003 Doctor of the University (honoris causa), LaTrobe University, 1999
Experience	Mr Hunt retired as Managing Director of Bendigo and Adelaide Bank on 3 July 2009 after 21 years as Chief Executive Officer. Mr Hunt is the architect of the **Community Bank**® model, and has been instrumental in the development of a range of Community Enterprise and Engagement models, now utilised by communities across Australia to provide key infrastructure and essential services through local commercial structures. These Enterprises provide communities with a framework, the cashflow, capacity and flexibility to address new economic opportunities.
Interest in shares	Indirect – Hunters Ridge Pty Ltd (Hunt Family Trust) 55,000 Shares Indirect – Hunters Ridge Pty Ltd (Rob & Annette Hunt Superannuation Fund) 458,758 Shares
Special Responsibilities	Chair of Remuneration Committee and Member of Audit and Risk Committee.
Other Directorships & Appointments	Director, Apollo Bay Central District Community Bank since 2011; Director, BEUT Property Pty Ltd
Honours and Awards	Order of Australia Award /Member (AM) General Division, 2002; Paul Harris Fellowship Award, Rotary Club of Bendigo Sandhurst, 2000; Citizen of the Year Award, City of Greater Bendigo 1999; Key to the City Award, City of Greater Bendigo 2009.

Donald Erskine – Director

Occupation	Managing Director – Industrial Conveying (Aust.) Pty Ltd
Experience	Don is trained as a mechanical engineer. He is Managing Director of Industrial Conveying (Aust.) Pty Limited which was formed by Don in 1979 and DJE Investments Pty Ltd. His previous appointments include non-executive Director of Bendigo Bank and a member of the Bank's Credit, IT Strategy and Property Committees, Director of North West Country Credit Union Co-op Ltd, Director of Coliban Water, Director of Community Telco Australia, Director of Bendigo Economic Development Committee, Chairman of Australian Technical College and Director of Bendigo Regional Institute of TAFE. Don is actively involved in the Bendigo Community.
Interest in Shares	Direct - 0 Shares Indirect – Erskine Investments Pty Ltd 939,326 Shares
Special Responsibilities	Member of Remuneration Committee and Member of the Audit and Risk Committee.
Other Directorships	Nil

Kevin Dole – Managing Director

Occupation	Managing Director
Qualifications	Associate Diploma in Information Processing (Latrobe)
Experience	Kevin was appointed as Managing Director in July 2021. Prior to this appointment he provided consultancy for 12 months in a full time capacity and has been on the Board of Directors since September 2016. His career spans over 36 years in the technology industry with specific experience in delivering solutions and services in the banking and finance sector. Throughout his career he has held several senior technical and leadership roles. He has considerable experience in Strategic development, large program delivery, due diligence for mergers and acquisitions and delivery of organisation change programs. Kevin is focused on continuing to ensure long term shareholder value and delivering value for all stakeholders through sustainable partnerships.
Interest in shares	Nil
Special Responsibilities	Member of Audit and Risk Committee
Other Directorships	Director - Bendigo Stadium Limited Additional responsibilities: Audit, Risk and Finance sub-committee Director - St Arnaud Sporting Club

Rodney Payne – Director

Occupation	Principal Harwood Andrews Lawyers
Qualifications	Bachelor of Law (Melbourne University)
Experience	Rod has been a lawyer in commercial practice for 35 years and has been a partner at Harwood Andrews since 2000. Rod was a director of Geelong Community Telco Pty Ltd and Vicwest Community Telco prior to the amalgamation of Vicwest with Bendigo Telco Ltd. In his legal practice Rod has undertaken a broad range of commercial work and in his role in Karingal and Karingal St Laurence has been involved in major developments and mergers.
Interest in shares	Indirect - Linrod Holdings Pty Ltd atf the Payne Investment Trust A/C 22,489 shares
Special Responsibilities	Member of Audit and Risk Committee
Other Directorships	Director - The Legal Lantern Group

Jonathan (Jock) Selkirk – Director

Occupation	Chief Financial Officer, Country Club Living Pty Ltd.
Qualifications	Bach. Business, Chartered Accountant, Graduate Australian Institute of Company Directors.
Experience	Jock has held executive roles across several industries including financial services, manufacturing, building and property development. Jock started his career in chartered accounting, then moved into banking & financial services in both Melbourne & London and was CFO at a Ballarat manufacturing and distribution business for 11 years prior to his current role. He has experience in driving business growth, governance, risk management, and people and culture development. He has also held several director roles in both the private and public sector. Jock is also actively involved in other community programs.
Interest in shares	Nil
Special Responsibilities	Nil
Other Directorships	Board member Ballarat and Clarendon College, Ballarat.

Gregory Gillett – Director

Occupation	Retired
Qualifications	Senior Fellow of the Financial Services Institute of Australia.
Experience	Greg is a retired Bank Executive with 37 years of experience in the banking industry (20 years at NAB and 17 years at Bendigo Bank). The last 10 years of his working life being in Executive roles at the Bendigo Bank. Greg has held Executive roles covering Retail Banking, Marketing, Human Resources, Strategic Planning and Community Development. Greg has been a company Director of both private and publicly listed companies.
Interest in shares	Direct - 24,108 shares
Special Responsibilities	Chairman of Audit and Risk Committee
Other Directorships	Nil

Nicole Rooke – Director

Occupation	Head of Planning and Execution, Bendigo and Adelaide Bank Ltd
Qualifications	CPA, B Commerce
Experience	Nicole has 15+ years' experience in Financial Services and is currently Head of Planning and Execution for Bendigo and Adelaide Bank. Prior to working for the bank, Nicole was based in London and held financial and management accounting roles for Sempra Energy and Intelligent Engineering. Prior to this, Nicole worked as a public accountant and tax specialist for Pitcher Partners and was based in Melbourne. Nicole's prior Directorship was with VRCLP from 2016 to 2018, a not-for-profit organisation focused on effective leadership for a vibrant and sustainable regional Victoria.
Interest in shares	Nil
Special Responsibilities	Nil
Other Directorships	Nil

Stephen Griffin – Director

Occupation	Director, Kelly Partners (Bendigo) Pty Ltd
Qualifications	Chartered Accountant Certified Practising Accountant Member AICD, ATMA
Experience	Steve over his 40 plus year career has worked in Industry, Public Accounting and Business Consulting and as Managing Partner of a large, diversified consultancy firm, MGR Advisory Group, which included MGR Accountants, 360 Private Wealth & MGR Information Technology. Steve is committed to best practice accounting and advising, outstanding team culture and leadership in technology advancement taking his business into the top 50 consulting firms in Australia. Steve has acted as advisor, business consultant to businesses in various industries helping them establish and achieve their strategic goals. He is committed to his family and along with his wife Kerrie has helped raise four wonderful children. He has a high level of commitment to community and has volunteered his services to many not for profit community organisations in the areas of youth, regional development, recycling, women's support and promotion, disability services and accommodation support. His focus is on helping Bendigo Telco through its structural transition as outlined in its strategic plan.
Interest in shares	Nil
Special Responsibilities	Nil
Other Directorships	Various Pty Ltd Companies.

COMPANY SECRETARY

The following person held the position of company secretary at the end of the financial year:
Mr Ken Belfrage FCA, GAICD, Dip. Bus.
Mr Belfrage is an experienced Company Director and Company Secretary who has extensive business, finance and general management skills including 34 years as a practicing public accountant.

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings		Audit & Risk Committee		Remuneration Committee	
Directors	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Robert Hunt	11	11	3	3	1	1
Donald Erskine	11	9	3	3	1	1
Kevin Dole	11	11	3	3	-	-
Jonathan Selkirk	11	10	-	-	-	-
Rodney Payne	11	9	3	3	-	-
Gregory Gillett	11	9	3	2	-	-
Nicole Rooke	11	10	-	-	-	-
Stephen Griffin	7	7	-	-	-	-

DIRECTORS BENEFITS AND INTEREST IN CONTRACTS

No director has received or become entitled to receive during or since the financial year, a benefit because of a contract made by the group with the director, a firm of which the director is a member or an entity in which the director has a substantial financial interest. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the group's accounts, prepared in accordance with the Corporate Regulations, or the fixed salary of full-time employees of the group, controlled entity or related body corporate other than interests and benefits disclosed at Note 31 to the Financial Statements.

REMUNERATION REPORT

The information provided in this remuneration report has been audited as required by Section 308 (3c) of the *Corporations Act 2001* .

This report details the nature and amount of remuneration for each key management person of the Group, and for the executives receiving the highest remuneration.

Key management personnel (KMP) are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including all directors.

Principles used to determine the nature and amount of remuneration

The remuneration policy of the Group has been designed to KMP objectives with shareholder and business objectives by providing a fixed remuneration component and incentives based on key performance areas affecting the Group's financial results. The Board of the Group believes the remuneration policy to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the group is as follows:

- The remuneration policy, setting the terms and conditions for the KMP, was developed by the Remuneration Committee and approved by the Board.
- All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation and performance incentives.
- The Remuneration Committee reviews key management personnel packages annually. This review is subject to the remuneration policy set by the Board.
- The Remuneration Committee, at their discretion, can refer their business to the full Board for consideration.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long-term growth in shareholder wealth.

KMP receive, at minimum a superannuation guarantee contribution required by the government, which is currently 10.5% before 1 July 2023 and 11% after 1 July 2023 of the individuals average weekly ordinary time earnings (AWOTE). Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to KMP is valued at the cost to the Group and expensed. KMP are also entitled and encouraged to participate in the employee share plan to align directors' interests with shareholder interests. Shares given to KMP are expensed at the market price as listed on the National Stock Exchange at the date of granting of any shares under the employee share plan.

Performance-based remuneration

As part of each of the KMP's remuneration package there is a performance-based component, consisting of key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between key management personnel with that of the business and shareholders. The KPIs are set annually, with a certain level of consultation with KMP to ensure buy-in.

Performance in relation to the KPIs is assessed annually, with bonuses being awarded depending on the number and deemed difficulty of the KPIs achieved.

Directors

From the inception of the Group, all non-executive directors who have served have done so free of charge. It was put to the Annual General Meeting in October 2007, and approved, that a payment of $15,000 per director be made for each full year of service from 1 July 2007 onwards.

Key Management Personnel

(i) Non-Executive Directors

Robert Hunt	Chairman	
Donald Erskine	Director	
Jonathan Selkirk	Director	
Rodney Payne	Director	
Gregory Gillett	Director	
Nicole Rooke	Director	
Stephen Griffin	Director	(Appointed 19th October 2022)

(ii) Executive Director

Kevin Dole	Managing Director

(iii) Other KMP

Steven Wright	Chief Financial Officer
Margaret O'Rourke	Head of Customer and Community Engagement

Group performance, shareholder wealth and director and executive remuneration

The following table shows the gross revenue, profits and dividends for the last five years for the Group, as well as the share price at the end of the respective financial years.

Analysis of the actual figures show consistent underlying profits from 2019 to 2021. The 2019 reported profits were impacted due to the non-cash impairment of goodwill and other intangibles. In 2022, net profits declined as a result of the ongoing decrease in legacy voice and data products, coupled with investments in expanding and integrating the Group's service-based business. 2023 net profits were impacted following a decrease in data centre services and the delay in realising synergies and efficiencies from the business assets acquired during the 2022 calendar year. Dividends paid to shareholders remain strong with an average dividend yield over the past five years of 8.33% fully franked.

	2019	2020	2021	2022	2023
Revenue	$36.6M	$33.4M	$29.7M	$26.6M	$28.1M
EBITDA	$1.28M	$4.65M	$4.19M	$2.86M	$2.47M
Net profit/(loss)	($1.33M)	$1.06M	$1.04M	$0.25M	$0.10M
Share price at year end	$1.40	$1.15	$1.25	$0.95	$0.50
Dividends paid	12.0 cents	12.0 cents	15.5 cents	9.5 cents	3.5 cents
Basic EPS	(17.16) cents	13.73 cents	13.36 cents	3.25 cents	0.82 cents

Details of remuneration for year ended 30 June 2023

		Short term benefits		Post employment benefits	Share-based payment			
		Salaries & Fees $	Non-Cash Benefits $	Superannuation $	Shares $	Termination Benefits $	Total $	Proportion of remuneration performance based %
Non-Executive Directors								
Robert	2023	13,575	-	1,425	-	-	15,000	-
Hunt	2022	13,636	-	1,364	-	-	15,000	-
Donald	2023	13,575	-	1,425	-	-	15,000	-
Erskine	2022	3,295	-	11,705	-	-	15,000	-
Jonathon	2023	13,575	-	1,425	-	-	15,000	-
Selkirk	2022	13,636	-	1,364	-	-	15,000	-
Rodney	2023	15,000	-	-	-	-	15,000	-
Payne	2022	15,000	-	-	-	-	15,000	-
Gregory	2023	13,575	-	1,425	-	-	15,000	-
Gillett	2022	13,636	-	1,364	-	-	15,000	-
Nicole	2023	13,575	-	1,425	-	-	15,000	-
Rooke	2022	13,636	-	1,364	-	-	15,000	-
Stephen	2023	11,250	-	-	-	-	11,250	-
Griffin	2022	-	-	-	-	-	-	-
Executive Director								
Kevin	2023	268,832	-	26,652	-	-	295,484	12
Dole	2022	256,327	-	25,898	-	-	282,225	11
Other KMP								
Steven	2023	217,852	-	21,299	-	-	239,151	10
Wright	2022	209,451	-	19,492	-	-	228,943	10
Margaret	2023	153,714	-	14,940	-	-	168,654	-
O'Rourke	2022	155,936	-	12,359	-	-	168,295	-
	2023	734,523	-	70,016	-	-	804,539	
	2022	694,553	-	74,910	-	-	769,463	

This marks the end of the audited remuneration report.

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors on 30th August 2023, pursuant to section 298(2)(a) of the *Corporations Act 2001* .

Robert Hunt	Donald Erskine
Chairman	Director

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

Lead auditor's independence declaration under *section 307C of the Corporations Act 2001* to the Directors of Bendigo Telco Ltd

As lead auditor for the audit of Bendigo Telco Ltd for the year ended 30 June 2023, 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 this 30th day of August 2023

Joshua Griffin
Lead Auditor

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
Revenue	4(a)	28,058,440	26,589,243
Cost of products sold		(12,983,328)	(12,557,638)
Other income	4(b)	11,326	134,740
Finance income	4(c)	1,397	309
Salaries and employee benefit costs		(9,016,305)	(7,792,589)
Occupancy and associated costs		(243,157)	(308,202)
General administration costs		(1,697,971)	(1,508,821)
Depreciation and amortisation costs	5(a)	(2,179,222)	(2,337,545)
Advertising and promotion costs		(126,777)	(159,507)
Systems costs		(1,471,078)	(1,483,495)
Borrowing costs	5(c)	(138,849)	(178,360)
Profit before income tax		214,476	398,135
Income tax expense	6	(151,010)	(146,320)
Net profit for the year		63,466	251,815
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		63,466	251,815
Total comprehensive income attributable to members of Bendigo Telco Limited		63,466	251,815
Earnings per share			
Basic earnings per share (cents)	10	0.82	3.25
Diluted earnings per share (cents)	10	0.82	3.25

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	2023 $	2022 $
Current Assets			
Cash and cash equivalents	11	1,149,176	862,127
Trade and other receivables	12	1,707,913	1,590,208
Prepayments		849,189	1,157,223
Inventories	13	156,810	150,708
Current tax assets	23(a)	112,615	309,712
Total Current Assets		**3,975,703**	**4,069,978**
Non Current Assets			
Prepayments		14,333	46,404
Property, plant and equipment	15	944,495	1,260,114
Right-of-use assets	16	1,805,845	2,189,309
Intangible assets	17	6,071,518	6,331,437
Deferred tax asset	23(b)	601,509	614,807
Total Non Current Assets		**9,437,700**	**10,442,071**
TOTAL ASSETS		**13,413,403**	**14,512,049**
Current Liabilities			
Trade and other payables	18	1,644,744	1,738,804
Borrowings	19	386,912	398,206
Lease Liabilities	20(a)	572,955	980,963
Employee Entitlements	21	1,034,795	1,090,411
Provisions	22	1,326	303,733
Total Current Liabilities		**3,640,732**	**4,512,117**
Non Current Liabilities			
Borrowings	19	1,179,942	1,565,982
Lease Liabilities	20(b)	1,208,770	839,046
Employee Entitlements	21	79,669	80,938
Provisions	22	15,413	17,032
Total Non Current Liabilities		**2,483,794**	**2,502,998**
TOTAL LIABILITIES		**6,124,526**	**7,015,115**
NET ASSETS		**7,288,877**	**7,496,934**
EQUITY			
Issued capital	24	7,032,430	7,032,430
Retained earnings		256,447	464,504
TOTAL EQUITY		**7,288,877**	**7,496,934**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	Ordinary Share Capital $	Retained Earnings $	Total $
Balance at 1 July 2021		7,032,430	949,679	7,982,109
Comprehensive Income				
Profit for the year		-	251,815	251,815
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	251,815	251,815
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	9	-	(736,990)	(736,990)
Total transactions with owners and other transfers		-	(736,990)	(736,990)
Balance at 30 June 2022		**7,032,430**	**464,504**	**7,496,934**
Balance at 1 July 2022		7,032,430	464,504	7,496,934
Comprehensive Income				
Profit for the year		-	63,466	63,466
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	63,466	63,466
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	9	-	(271,523)	(271,523)
Total transactions with owners and other transfers		-	(271,523)	(271,523)
Balance at 30 June 2023		**7,032,430**	**256,447**	**7,288,877**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2023

	Notes	2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		31,144,845	29,014,549
Payments to suppliers and employees		(28,541,361)	(25,979,469)
Lease payments not included in lease liabilities	5(b)	(91,969)	(58,303)
Interest paid on lease liabilities		(42,515)	(71,675)
Interest paid on borrowings		(26,698)	(53,062)
Income tax paid / (credit)		59,385	(502,871)
Interest received		1,397	309
Net cash provided by operating activities	28	**2,503,084**	**2,349,478**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		(558,389)	(1,644,264)
Purchase of property, plant and equipment		(154,989)	(501,755)
Proceeds from sale of property, plant and equipment		28,950	36,108
Net cash used in investing activities		**(684,428)**	**(2,109,911)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(862,750)	(1,343,555)
Repayment of bank loans		(397,334)	(395,713)
Dividends paid		(271,523)	(736,990)
Net cash used in financing activities		**(1,531,607)**	**(2,476,258)**
Net increase/(decrease) in cash held		**287,049**	**(2,236,691)**
Cash and cash equivalents at beginning of financial year		862,127	3,098,818
Cash and cash equivalents at end of the financial year	11	**1,149,176**	**862,127**

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL REPORT

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The material accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 and the International Financial Reporting Standards as issued by the International Accounting Standards Board. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

Historical cost convention

Except for cash flow information, the financial statements 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.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Changes in accounting policies, standards and interpretations

There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

Current and non-current classification

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

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(a) Principles of Consolidation

In accordance with the *Corporations Act 2001* , these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 3.

The consolidated financial statements incorporate all of the assets and liabilities of the parent (Bendigo Telco Limited) and the wholly owned subsidiaries. A subsidiary is an entity the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The assets, liabilities and results of the subsidiary are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between group entities are fully eliminated on consolidation.

Business Combinations

Business combinations occur where control over another business is obtained and results in the consolidation of its assets and liabilities. All business combinations, including those involving entities under common control, are accounted for by applying the purchase method. The purchase method requires an acquirer of a business to be identified and for the cost of the acquisition and fair values of identifiable assets, liabilities and contingent liabilities to be determined at acquisition date, being the date that control is obtained. Cost is determined as the aggregate of fair values of assets given, equity issued and liabilities assumed in exchange for control together with costs directly attributable to the business combination. Any deferred consideration payable is discounted to present value using the entity's incremental borrowing rate.

Goodwill is recognised initially at the excess of cost over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised. If the fair value of the acquirer's interest is greater than cost, the surplus is immediately recognised in profit or loss.

(b) Income Tax

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no affect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of twelve months or less, and bank overdrafts. Bank overdrafts are reported within short-term financial liabilities in current liabilities on the Statement of Financial Position.

(d) Trade receivables

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: Revenue from Contracts with Customers. As trade receivables are managed solely to collect contractual cash flows and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal outstanding on specified dates, trade receivables are subsequently measured at amortised cost. Trade receivables are generally due for settlement within 14 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of the cost at time of purchase.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, are depreciated on either a straight line or diminishing value basis over their estimated useful lives to the entity commencing from the time the asset is held ready for use.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets which are consistent with the prior year are:

Asset Class	**Depreciation Rate (%)**
Office Furniture & Equipment:	
Advertising Collateral	7.5
Furniture & Fittings	7.5 - 37.5
Office Equipment	7.5 - 40
Office Computer Equipment	20 - 66.67
Satellite Equipment	50
Software	33 - 80
Retail/Display Equipment	11.25
Installation/Servicing Equipment	11.25 - 30
Motor Vehicles	18.75 - 25
Leasehold	2.5 - 40
Telecommunications & Infrastructure:	
Infrastructure	7.59
Data Centre	2.5 - 50
Network Computer & Infrastructure	8 - 50
Connectivity Links	7.5 - 50
Cloud	14.29 - 50

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Impairment testing is also performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Employee Benefits

Short-term employee benefits

Provision is made for the Group's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Group's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the Statement of Financial Position. The Group's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the Statement of Financial Position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Retirement benefit obligations

Defined contribution superannuation benefits.

All employees of the Group receive defined contribution superannuation entitlements, for which the Group pays the fixed superannuation guarantee contribution to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Group's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Group's Statement of Financial Position.

(i) Revenue

Revenue under *AASB 15: Revenue from Contracts with Customers* arises from goods and services sold as part of ordinary activities. The group applies the five-step approach to customer arrangements to identify the contract for accounting purposes (i.e. to determine the amount and timing of revenue to be recognised).

Revenue from recurring Voice, Data Networks, Broadband, Managed IT Services, Hardware and Installations, Data Centre and Cloud is recognised at the time that the good or service is provided, with the exception of those items set out below. Revenue from the customer is recognised at a point in time when control of the good or service passes to the customer.

Mobile Repayment Option (MRO)
- Customer acquisition of mobile handset which is repaid by the customer over a 24 month contract.
- Revenue recognised when control of the mobile handset is passed to the customer.

Modem provided with DSL/NBN plan
- Customer may be provided with a compatible modem when signing to a DSL/NBN 24 month plan.
- Revenue recognised when control of the modem is passed to the customer.

Router provided with a VPN solution
- Customer provided with a compatible router when signing a 12, 24 or 36 month contract.
- As customer does not take ownership of the router, the related service revenue is recognised over the term of the contract.

Equipment with Managed IT Services solutions
- Customer provided with a compatible equipment when signing a 12 to 60 month contract.
- Revenue recognised when control of the equipment is passed to the customer.

Onboarding of Managed IT Services solutions
- Customer provided with consulting services to onboard as a managed service customer.
- Revenue recognised when onboarding of customer is complete.

Managed IT Services
- Customer receives network, application, infrastructure and security support on a regular ongoing basis.
- Revenue is recognised over time in accordance with the contract as the customer receives a benefit as the Group performs.

Sales commissions
- Sales commissions are provided as incentives for sales. These commissions vary depending on the product sold.
- Costs are capitalised and the expense recognised equally over the term of the contract.

(j) Leases (the Group as lessee)

The Group as a lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability are recognised by the Group where the Group is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low-value assets (ie fair value less than $10,000) are recognised as an operating expenses on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at the commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;

- variable lease payments that depend on an index or rate, initially measured using only the most current known index or rate;

- lease payments under extension options, if the lessee is reasonably certain to exercise the options.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments, based on an index or rate take effect, the lease liability is remeasured and adjusted against the right-of-use asset.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, any lease payments made at or before the commencement date and any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

The Group as a Lessor

The Group is not entered into any contracts whereby the Group is considered a lessor.

(k) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions to the instrument. For financial assets and liabilities, this is the date that the Group commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at amortised cost, using the effective interest rate method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

The Group classifies trade and other payables, lease liabilities and borrowings in this category.

Financial assets

Financial assets are subsequently measured at amortised costs if both of the following criteria are met.

- the financial asset is managed solely to collect contractual cash flows, and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest rate method less any impairment.

The Group recognise cash and cash equivalents and trade and other receivables in this category.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the Statement of Financial Position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights 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.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (ie the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Impairment

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

Expected credit losses 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, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approach to impairment, as applicable under AASB 9: Financial Instruments.

This approach is applicable to trade receivable or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and which do not contain a significant financing component.

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

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the Statement of Profit or Loss and Other Comprehensive Income.

(l) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Customer Lists

Customer lists are initially recorded at the residual transaction price allocated based on relative fair value and have been assessed as having a useful life of six to ten years and carried at cost less accumulated amortisation and impairment losses. The directors are required to perform an annual assessment to identify indications of impairment and only where indications are present is the asset required to be tested for impairment.

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs have a finite life and are amortised on a systematic basis based on the future economic benefits over the useful life of the project.

Computer software development costs have been assessed as having a useful life of three years and carried at cost less accumulated amortisation and impairment losses. The directors are required to perform an annual assessment to identify indications of impairment and only where indications are present is the asset required to be tested for impairment.

Projects that have not been completed by the end of the financial year have not yet been assessed for a useful life, this will be completed at the end of the project, therefore costs for these projects are recorded in the Statement of Financial Position without any amortisation. Once a useful life is established, amortisation will commence, and the projects carried at cost less accumulated amortisation and impairment losses. The directors are required to perform an annual assessment to identify indications of impairment and only where indications are present is the asset required to be tested for impairment.

(m) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of the acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO which are disclosed as operating cash flows.

(n) Provisions

Provisions are recognised when the Group has a legal or constructive obligation as a result of past transactions or other past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

(o) Issued Capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(p) Comparative Information

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

(q) Segment Reporting

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different for those segments operating in other economic environments. Refer to Note 27.

(r) Share Based Payments

The Group measures the goods and services received by equity-settled share based payment transactions as an increase in equity, directly, at the fair value of the goods or services rendered, unless that fair value cannot be estimated reliably. If the Group cannot estimate reliably the fair value of the goods or services rendered, the Group shall measure their value, and the corresponding increase in equity, indirectly by reference to the fair value of the equity instruments granted.

If the equity instruments granted vest immediately, are unconditional and are not required to complete a specified period of service, the Group shall presume that the services rendered by the counterparty as consideration for the equity instruments have been received. On grant date, the Group recognises the services rendered in full, with a corresponding increase in equity.

If the equity instruments do not vest until the counterparties complete a specified period of service, the Group shall presume that the services to be rendered by the counterparty as consideration for those equity instruments will be received in the future, during the vesting period. The Group accounts for these services as they are rendered by the counterparty during the vesting period, with a corresponding increase to equity.

Share-based payment arrangements in which the Group received goods or services as consideration for its own equity instruments are accounted for as equity-settled share based payment transactions, regardless of how the equity instruments are obtained by the Group.

(s) Trade payables

Trade payables represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(t) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(u) Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(v) 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 consolidated entity and their potential impact when adopted in future periods is outlined below:

AASB 2014-10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, AASB 2015-10 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128, AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections, AASB 2021-7 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections (applicable for reporting periods beginning commencing on or after 1 January 2025). Adoption of this standard is not expected to have a material impact.

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current, AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date and AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants (applicable for reporting periods commencing on or after 1 January 2024). Adoption of this standard is not expected to have a material impact.

AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback (applicable for reporting periods commencing on or after 1 January 2024). Adoption of this standard is not expected to have a material impact.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, Management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. 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.

Key Estimates – Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of goodwill for the year ended 30 June 2023. Should the projected turnover figures be less than 90% of budgeted figures incorporated into value in use calculations, an impairment loss would be recognised up to the maximum carrying value of goodwill at 30 June 2023 amounting to $3,483,786 (2022: $3,483,786).

Key Judgments – Revenue from customers with contracts

Performance obligations under AASB 15

To identify performance obligations under AASB 15, Management exercises judgement by taking into account any conditions specified in the arrangement, explicit or implicit, regarding the promised goods or services. In making this assessment, Management includes the nature/type, cost/value, quantity and the period of transfer related to the goods or services promised.

Key Judgments – Asset acquisition

On 1 September 2022, the Group completed its contract with Boltons Office Supplies Pty Ltd to acquire their Managed Service Provider (MSP) and IT Consulting clients. The directors have applied significant judgement to determine whether this transaction gave rise to the acquisition over a business under AASB 3 Business Combinations, or whether the transaction gave rise to the acquisition of an asset (or group of assets) which is outside the scope of AASB 3 Business Combinations.

Management concluded that the processes acquired from the vendor were not critical to the Group's ability to produce outputs nor were they considered scarce or unique as the Group already had its own processes to deliver outputs to similar customers. As such, Management concluded this gave rise to an asset acquisition as opposed to a business combination.

Key Judgements - Allowance for expected credit losses

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, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

Key Judgments – Leases

Lease term and option to extend under AASB 16

The lease term is defined as the non-cancellable period of a lease together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option; and also periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option. The options that are reasonably going to be exercised is a key management judgement that the Group will make.

The Group determines the likelihood to exercise the options on a lease-by-lease basis, looking at various factors such as which assets are strategic and which are key to future strategy of the Group, in addition to the following:

- If there are significant penalties to terminate (or not to extend), the Group is typically reasonably certain to extend (or not terminate).

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

All leases have been calculated including all renewal options, as it is reasonably certain that the leases will be extended (or not terminated). The lease term is reassessed if an option is not exercised or the group becomes obliged to not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the lessee.

Incremental borrowing rate under AASB 16

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for the Group's leases, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received

- makes adjustments specific to the lease, eg term, country, currency and security.

The Group's incremental borrowing rate used within lease calculations range from 0% to 6%.

Key Judgements - Estimation of useful lives of assets

The Group 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 technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Key Judgements - Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 17 for further information.

Key Judgements - Recovery of deferred tax assets

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

Key Judgements - Employee benefits provision

As discussed in note 1, 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 pay increases through promotion and inflation have been taken into account.

Key Judgements - Lease make good provision

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

3. PARENT INFORMATION

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

Statement of Financial Position

	2023 $	2022 $
ASSETS		
Current assets	3,975,703	4,069,978
Non-current assets	9,437,700	10,442,071
TOTAL ASSETS	13,413,403	14,512,049
LIABILITIES		
Current liabilities	3,640,732	4,512,117
Non-current liabilities	2,483,794	2,502,998
TOTAL LIABILITIES	6,124,526	7,015,115
EQUITY		
Issued Capital	7,032,430	7,032,430
Retained Earnings	256,447	464,504
TOTAL EQUITY	7,288,877	7,496,934

Statement of Profit or Loss and Other Comprehensive Income

Total profit	63,466	251,815
Total comprehensive income	63,466	251,815

Contingent liabilities
The parent entity has no contingent liabilities at 30 June 2023.

Contingent assets
The parent entity has no contingent assets as at 30 June 2023.

Guarantees
The parent entity has a bank guarantee of $100,000. For further information on Guarantees refer to Note 11.

Capital commitments
The parent entity has capital commitments of $304,601 contracted for but not yet capitalised in the financial statements at 30 June 2023. For further information on Capital commitments refer to Note 25.

Financial support for controlled entities
The parent entity, Bendigo Telco Limited, is providing and will continue to provide financial support to its controlled entities.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the Group as disclosed in Note 1.

4. REVENUE AND OTHER INCOME

	2023 $	2022 $
(a) Revenue:		
Revenue from contracts with customers	28,058,440	26,589,243
	28,058,440	26,589,243
(b) Other income:		
Profit on sale of assets	11,326	-
Gain on remeasurement of right-of-use asset, lease liability and make good	-	134,740
	11,326	134,740
(c) Finance income:		
Interest received	1,397	309
	1,397	309
	28,071,163	26,724,292

Refer to Note 27 for details of revenue from contracts with customers disaggregated by nature and timing of revenue recognition.

5. EXPENSES

(a) Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of property, plant and equipment:		
Office furniture & equipment	122,871	82,532
Motor vehicles	9,501	28,908
Leasehold	15,289	26,115
Telecommunications & infrastructure	305,324	324,515
	452,985	462,070
Amortisation of intangible assets:		
Customer List	366,067	225,790
Internally Generated Software	152,242	35,733
Project Development	-	14,892
	518,309	276,415
Depreciation of right-of-use assets:		
Motor vehicles	-	7,122
Telecommunications & infrastructure	919,570	1,162,146
Buildings	288,358	429,792
	1,207,928	1,599,060
	2,179,222	2,337,545

(b) Recognition exemption

The Group has elected to exempt leases from recognition where the underlying asset is assessed as low-value or the lease term is 12 months or less.

	2023 $	2022 $
Expenses relating to low-value leases	57,505	48,303
Expenses relating to short-term leases	34,464	10,000
	91,969	58,303

Expenses relating to leases exempt from recognition are included in occupancy and associated costs.

The Group pays for the right-to-use computer equipment. The underlying assets have been assessed as low value and exempted from recognition.

(c) Other expenses

	2023 $	2022 $
Borrowing expenses:		
Interest paid	75,369	127,741
Other	5,975	2,316
Equipment lease expenses	57,505	48,303
	138,849	178,360
Bad debts	10,022	3,609
Impairment allowance	67,748	1,946
	77,770	5,555
Loss of sale on assets	-	382

6. TAX EXPENSE

	2023	2022
	$	$
a. The components of tax expense comprise:		
Current tax	137,712	133,955
Deferred tax	13,298	12,365
	151,010	146,320
b. The prima facie tax on profit from activities before income tax is reconciled to the income tax expenses as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2022: 25%)	53,619	99,534
Add:		
Tax effect of:		
- Movement in provision for impairment	16,937	486
- Movement in provision for employee benefits	(14,221)	27,702
- Movement in provision for make good	(1,007)	(5,567)
- Movement in deferred tax	13,298	12,365
- Capital allowances	(3,297)	(5,645)
- Non-deductible expenses	178,126	184,097
	189,836	213,438
Less:		
Tax effect of:		
- Gain on remeasurement of right-of-use asset, lease liability and make good	-	33,685
- Right-of-use rental payments	77,821	118,742
	77,821	152,427
Carried forward losses	14,624	14,225
	14,624	14,225
Income tax attributable to entity	151,010	146,320

7. KEY MANAGEMENT PERSONNEL COMPENSATION

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023.

The totals of remuneration paid to KMP of the Group during the year are as follows:

	2023 $	2022 $
Short-term employee benefits	734,523	694,553
Post-employment benefits	70,016	74,910
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	804,539	769,463

Short-term employee benefits
These amounts include fees and benefits paid to the non-executive Chair and all salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits
These amounts are the current-year's costs of 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.

Termination benefits
Amounts paid to KMP during the year upon termination of employment from the Group.

Share-based payments
These amounts represent the expense related to the participation of KMP in employee share schemes as measured by the fair value of the shares granted on grant date.

Further information in relation to KMP remuneration can be found in the directors' report.

KMP Shareholdings

The number of ordinary shares in Bendigo Telco Limited held by each KMP of the Group during the financial year is as follows:

30 June 2023	Balance at beginning of year	Granted as remuneration during year	Other changes during year	Balance at end of year
Robert Hunt	513,758	-	-	513,758
Donald Erskine	939,326	-	-	939,326
Kevin Dole	-	-	-	-
Jonathan Selkirk	-	-	-	-
Rodney Payne	16,732	-	5,752	22,484
Gregory Gillett	24,108	-	-	24,108
Nicole Rooke	-	-	-	-
Stephen Griffin	-	-	-	-
Steven Wright	3,238	-	-	3,238
Maragret O'Rourke	-	-	-	-
	1,497,162	-	5,752	1,502,914

30 June 2022	Balance at beginning of year	Granted as remuneration during year	Other changes during year	Balance at end of year
Robert Hunt	513,758	-	-	513,758
Donald Erskine	939,326	-	-	939,326
Kevin Dole	-	-	-	-
Jonathan Selkirk	-	-	-	-
Rodney Payne	7,089	-	9,643	16,732
Gregory Gillett	24,108	-	-	24,108
Nicole Rooke	-	-	-	-
Steven Wright	3,238	-	-	3,238
Maragret O'Rourke	-	-	-	-
	1,487,519	-	9,643	1,497,162

8. AUDITORS' REMUNERATION

	2023 $	2022 $
Remuneration of the auditor Andrew Frewin Stewart, for:		
Auditing the financial report	89,647	80,370
Taxation services	995	995
Share registry services	13,650	16,378
	104,292	97,743

9. DIVIDENDS PAID AND PROPOSED

	2023 $	2022 $
Distributions paid:		
2022 Final fully franked ordinary dividend of 2.0 (2021: 7.5) cents per share franked at the rate of 25.0% (2021: 26.0%)	155,156	581,834
2023 Interim fully franked ordinary dividend of 1.5 (2022: 2.0) cents per share franked at the rate of 25.0% (2022: 25.0%)	116,367	155,156
	271,523	736,990
Total dividends (cents) per share for the period	3.50	9.50
a. Proposed Final 2023 fully franked ordinary dividend of 0.0 (2022: 2.0) cents per share franked at the rate of 25.0% (2022: 25.0%)	-	155,156

After the reporting date, the above dividend was declared. The amount has not been recognised as a liability as at 30 June 2023 but will be brought to account in the 2024 financial year.

	2023	2022
b. Balance of franking account at year-end adjusted for franking credits arising from:		
- dividends recognised as receivables and franking debits arising from payment of proposed dividends	1,466,571	1,679,391
Subsequent to year-end, the franking account would be reduced by the proposed dividend reflected per (a) as follows:	-	(51,719)

10. EARNINGS PER SHARE

	2023 $	2022 $
a. Reconciliation of earnings to profit or loss		
Profit for the year	63,466	251,815
Earnings used in calculation of basic and diluted EPS	63,466	251,815
b. Weighted average number of ordinary shares		
Weighted average number of ordinary shares outstanding during the year used in calculating basic and diluted EPS	7,757,784	7,757,784
Basic earnings per share (cents)	0.82	3.25
Diluted earnings per share (cents)	0.82	3.25

11. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and on hand	298,561	761,953
Short term bank deposits	850,615	100,174
	1,149,176	862,127

Cash on hand is non interest bearing.

Cash at bank earned interest rates of 0% (2022: 0%) depending on the level of funds from time to time. Cash at bank is subject to interest rate risk, as it earns interest at floating rates. In 2023 the average floating interest rates for the Group were 0.04% (2022: 0.02%).

The effective interest rate on short term bank deposits was 3.30% (2022: 0.52%); these deposits had an average maturity of 180 days.

The Group are required to enter establish a $100,000 term deposit as a bank guarantee provided to Optus Mobile Pty Ltd, a supplier of mobile services.

Reconciliation of cash

Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the Statement of Financial Position as follows:

	2023 $	2022 $
Cash and cash equivalents	1,149,176	862,127

12. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
Trade debtors	1,032,952	1,066,535
Other receivables	745,536	526,500
Provision for impairment	(70,575)	(2,827)
	1,707,913	1,590,208

Impairment of receivables

The average credit period on the sale of goods and rendering of services is 23 days (2022: 22 days). No interest is charged on trade receivables exceeding normal credit terms. An allowance has been made for estimated non-recoverable trade receivable amounts arising from the past sale of goods and rendering of services, determined by reference to past default experience.

Ageing of trade receivables is as follows:

a. Ageing of past due	2023 $	2022 $
0 – 30 days	594,257	935,932
30 – 60 days	138,375	116,264
60 – 90 days	76,446	4,463
Over 91 days	223,874	9,876
	1,032,952	1,066,535

b. The following table shows the movement in lifetime expected credit loss that has been recognised for trade debtors in accordance with the simplified approach set out in AASB 9: Financial Instruments.

Lifetime expected credit loss: credit impaired	2023 $	2022 $
Opening balance	2,827	881
Net measurement of loss allowance	77,770	5,555
Amounts written off as uncollectable	(10,022)	(3,609)
Amounts recovered during the year	-	-
Balance at the end of the year	70,575	2,827

A provision for impairment of trade receivables is established in accordance with AASB 9: Financial Instruments using the simplified method. In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Ageing	**Expected default rate**	**Gross carrying amount**	**Credit loss allowance**
Current	0.06%	594,257	357
31 - 60 days past due	0.64%	138,375	886
61 - 90 days past due	3.50%	76,446	2,676
90+ days past due	29.77%	223,874	66,656
Total		1,032,952	70,575

13. INVENTORIES

	2023 $	2022 $
Inventory	156,810	150,708
	156,810	150,708

14. CONTROLLED ENTITIES AND ASSET ACQUISITIONS

a. Information about Principal Subsidiaries

The subsidiaries listed below have share capital consisting solely of ordinary shares which are held directly by the parent entity. The proportion of ownership interests held equals the voting rights held by the Group. The subsidiaries principal place of business is also its country of incorporation.

Name of Subsidiaries	Principal Place of Business	Ownership Interest Held by the Group		Proportion of Non-controlling Interests	
		2023 %	2022 %	2023 %	2022 %
BCT Shepparton Pty Ltd	Shepparton, Australia	100	100	-	-
Vicwest Community Telco Ltd	Geelong & Ballarat, Australia	100	100	-	-

Subsidiaries financial statements used in preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

b. Significant Restrictions

There are no restrictions over the Group's ability to access or use assets, and settle liabilities, of the Group.

c. Asset Acquisitions

On 1 September 2022, the Group completed its contract with Boltons Office Supplies Pty Ltd to acquire their Managed (MSP) and IT Consulting clients.

The directors concluded this transaction gave rise to an asset acquisition as opposed to a business combination.

The fair values of assets and liabilities acquired by the Group, and details of the consideration paid for such assets and liabilities are disclosed below.

Financial position	$
ASSETS	
Property, plant and equipment	10,000
Total assets	10,000
LIABILITIES	
Employee entitlements	22,302
Prepaid income	9,248
Total liabilities	31,550
Net assets acquired	(21,550)
Less consideration paid	208,244
Less legal costs	3,596
Intangible assets acquired	233,390

15. PROPERTY PLANT AND EQUIPMENT

	2023	2022
	$	$
Office, Furniture, Equipment		
At Cost	2,448,904	2,519,283
Accumulated depreciation	(2,205,142)	(2,206,164)
	243,762	313,119
Motor Vehicles		
At Cost	217,425	267,939
Accumulated depreciation	(217,425)	(258,438)
	-	9,501
Leasehold		
At Cost	145,173	136,598
Accumulated depreciation	(61,128)	(45,838)
	84,045	90,760
Telecommunications & Infrastructure		
At Cost	5,634,798	5,559,520
Accumulated depreciation	(4,962,153)	(4,656,829)
Accumulated impairment losses	(55,957)	(55,957)
	616,688	846,734
Total Property, Plant & Equipment	944,495	1,260,114

a. Movement in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Office, Furniture, Equipment	Motor Vehicles	Leasehold	Telecommunications & Infrastructure	TOTAL
Balance at 1 July 2021	157,176	45,568	135,525	918,650	1,256,919
Additions	52,207	-	9,118	252,599	313,924
Additions from asset acquisition	187,831	-	-	-	187,831
Disposals	(1,563)	(7,159)	(27,768)	-	(36,490)
Depreciation	(82,532)	(28,908)	(26,115)	(324,515)	(462,070)
Impairment	-	-	-	-	-
Balance at 30 June 2022	313,119	9,501	90,760	846,734	1,260,114
Additions	61,137	-	8,574	75,278	144,989
Additions from asset acquisition	10,000	-	-	-	10,000
Disposals	(17,623)	-	-	-	(17,623)
Depreciation	(122,871)	(9,501)	(15,289)	(305,324)	(452,985)
Impairment	-	-	-	-	-
Balance at 30 June 2023	243,762	-	84,045	616,688	944,495

Refer to Note 14 for further details regarding the Group's asset acquisitions.

In connection with the Group's borrowings disclosed at Note 19, Bendigo and Adelaide Bank Limited hold General Security Deeds over all present and after acquired property of the Group.

16. 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 and initial direct costs.

The Group 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.

	2023 $	2022 $
Leased Motor Vehicles		
At Cost	38,985	38,985
Accumulated depreciation	(38,985)	(38,985)
	-	-
Leased Telecommunications & Infrastructure		
At Cost	5,830,219	5,830,219
Accumulated depreciation	(5,071,637)	(4,152,067)
	758,582	1,678,152
Leased Buildings		
At Cost	2,020,253	1,343,730
Accumulated depreciation	(972,990)	(832,573)
	1,047,263	511,157
Total Right-Of-Use Assets	1,805,845	2,189,309

a. Movement in carrying amounts

Movement in the carrying amounts for each class of right-of-use assets between the beginning and the end of the current financial year

	Motor Vehicles	Telecommunications & Infrastructure	Buildings	TOTAL
Balance at 1 July 2021	7,122	2,554,520	2,327,643	4,889,285
Additions	-	285,778	68,043	353,821
Disposals	-	-	-	-
Remeasurement	-	-	(1,454,737)	(1,454,737)
Depreciation	(7,122)	(1,162,146)	(429,792)	(1,599,060)
Impairment	-	-	-	-
Balance at 30 June 2022	-	1,678,152	511,157	2,189,309
Additions	-	-	-	-
Disposals	-	-	-	-
Remeasurement	-	-	824,464	824,464
Depreciation	-	(919,570)	(288,358)	(1,207,928)
Impairment	-	-	-	-
Balance at 30 June 2023	-	758,582	1,047,263	1,805,845

17. INTANGIBLES

	2023 $	2022 $
Goodwill		
Cost	5,344,282	5,344,282
Accumulated Impairment Losses	(1,860,496)	(1,860,496)
Net Carrying Value	3,483,786	3,483,786
Customer List		
Cost	4,749,371	4,515,981
Accumulated Amortisation	(2,042,893)	(1,676,826)
Accumulated Impairment Losses	(723,120)	(723,120)
Net Carrying Value	1,983,358	2,116,035
Internally Generated Software		
Cost	2,471,226	2,446,226
Accumulated Amortisation	(2,021,062)	(1,868,820)
Net Carrying Value	450,164	577,406
Project Development		
Cost	889,140	889,140
Accumulated Amortisation	(660,443)	(660,443)
Accumulated Impairment Losses	(74,487)	(74,487)
Net Carrying Value	154,210	154,210
Total Intangibles	6,071,518	6,331,437

a. Movement in carrying amounts

	Goodwill	Customer List	Internally Generated Software	Project Development	TOTAL
Year ended 30 June 2022					
Balance at beginning of year	3,483,786	986,403	24,297	169,102	4,663,588
Additions	-	-	588,842	-	588,842
Additions from asset acquisition	-	1,355,422	-	-	1,355,422
Disposals	-	-	-	-	-
Amortisation charge	-	(225,790)	(35,733)	(14,892)	(276,415)
Impairment losses	-	-	-	-	-
	3,483,786	2,116,035	577,406	154,210	6,331,437
Year ended 30 June 2023					
Balance at beginning of year	3,483,786	2,116,035	577,406	154,210	6,331,437
Additions	-	-	25,000	-	25,000
Additions from asset acquisition	-	233,390	-	-	233,390
Disposals	-	-	-	-	-
Amortisation	-	(366,067)	(152,242)	-	(518,309)
Impairment losses	-	-	-	-	-
	3,483,786	1,983,358	450,164	154,210	6,071,518

Refer to Note 14 for further details regarding the Group's asset acquisitions.

Intangible assets, other than goodwill, have finite useful lives. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income. Goodwill has an indefinite useful life and is tested for impairment annually.

Impairment Disclosures

Goodwill was allocated to cash-generating units (CGU's) acquired through business combinations in 2016.

	2023	2022
	$	$
Acquired CGU VicWest (2016)	3,483,786	3,483,786
Total Goodwill	3,483,786	3,483,786

The recoverable amounts of the CGU's above is determined based on value in use calculations. The value in use is calculated based on the present value of cash flow projections over an 5-year period. The cash flows are discounted using the yield of a 5-year weighted average cost of capital (WACC) of 10% at the beginning of the budget period. Compared to prior years, Management have reduced their estimation due to a review of listed entities that are similar in terms of service potential and risk.

The following key assumptions were used in the value-in-use calculations:

	Discount Rate		Terminal Value Growth Rate	
	2023	2022	2023	2022
Vicwest segment	10%	6%	2%	(13%)

Management believes the projected 2% Terminal Value Growth Rate is prudent and justified, based on a review of forecasted revenues. Compared to prior years, Management have increased their estimation due to the expectation that prior period revenue declines in fixed voice and virtual private networks have stabilised with an increased opportunity to grow revenues by leveraging the release of new products by the Group including managed IT services.

Management has based the value in use calculations on budgets for the reporting CGU. These budgets are based on a 1 year projection period approved by management and extrapolated for a further 4 years using a steady rate, together with a terminal value. Costs are calculated taking into account historical gross margins as well as estimating weighted average inflation rates over the period which are consistent with inflation rates applicable to the locations in which the CGU's operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular CGU.

Sensitivity

As disclosed above and in note 2, management have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by an additional 9.5% from forecasted revenue for the acquired CGU VicWest before goodwill would need to be impaired, with all other assumptions remaining constant.

- The discount rate would be required to increase by 8.5% for the acquired CGU VicWest before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of acquired CGU VicWest's goodwill is based would not cause the CGU’s carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the acquired CGU VicWest's goodwill.

18. TRADE AND OTHER PAYABLES

	2023	2022
	$	$
Unsecured liabilities:		
Trade payables	641,283	623,472
Sundry payables and accrued expenses	1,003,461	1,115,332
	1,644,744	1,738,804
(i) Financial liabilities classified as trade and other payables		
Trade and other payables	1,644,744	1,738,804
GST payable	(58,298)	(56,679)
	1,586,446	1,682,125

19. BORROWINGS

	2023	2022
	$	$
Current		
Secured by fixed and floating registered mortgage debenture		
Bank loans	386,912	398,206
Total current borrowings	386,912	398,206
Non current		
Secured by fixed and floating registered mortgage debenture		
Bank Loans	1,179,942	1,565,982
Total non-current borrowings	1,179,942	1,565,982

The group has three facilities provided by the Bendigo and Adelaide Bank Limited.

1. Commercial Business (Overdraft) Facility to a maximum value of $500,000 which was not utilised at balance date.
Facility secured by;
- a Registered First Company Debenture charge from Bendigo Telco Limited in its own right; and
- General Security Deeds over all present and after acquired property of Bendigo Telco Limited and its subsidiaries.

2. Lease liabilities are secured by the underlying leased assets.

3. Business Loans, with the following conditions:

The Group has successfully renegotiated its $1.5m business loan facility with Bendigo & Adelaide Bank. Signing a new loan agreement on the 30 June 2023, with the settlement promptly executed on July 4. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term. The Group also held a principal and interest loan of $65,550, which has been paid out subsequent to year end.

Bendigo & Adelaide Bank may conduct a review of Bendigo Telco's facilities once every 12-month period during the term.

Half yearly accounts and Compliance Certificate showing performance against Financial Covenants, are to be provided to Bendigo & Adelaide Bank within 60 days of the end of the half year period.

Annual, audited accounts and Compliance Certificate showing performance against Financial Covenants, are to be provided to Bendigo & Adelaide Bank as soon as available and at least within 90 days of the end of the half year period.

No dividends to be declared where cash dividends paid are greater than 100% of Net Profit After Tax.

No business acquisitions of a value greater than $500,000 in cost (debt or equity funded) without the prior consent of Bendigo & Adelaide Bank. Details of all acquisitions to be advised to Bendigo & Adelaide Bank with information required to be negotiated/documented before extension of the facility.

A breach of a Financial Covenant shall be considered as an Event of Default and the Bendigo & Adelaide Bank will have the right to call default.

On a consolidated basis, Gearing (Equity/Total Assets), is to be measured half yearly and maintained at a minimum ratio of 40%.

On a consolidated basis, Debt Service Coverage Ratio (EBITDA/finance payments in period (debt and interest) is to be measured half yearly and maintained at equal to or greater than 1.5 times.

Interest rates will immediately convert to a market rate of interest if there is a material change in ownership of Bendigo Telco Ltd or if Bendigo Telco Ltd lists on the ASX. A material change in ownership is defined as any existing or new shareholder (excluding Bendigo & Adelaide Bank) exceeding 20% shareholding.

Facility secured by:
- a Registered First Company Debenture charge from Bendigo Telco Limited in its own right; and
- General Security Deeds over all present and after acquired property of Bendigo Telco Limited and its subsidiaries.

20. 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 4.00%.

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 Group 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 where appropriate.

Lease portfolio

Innovation Court, Bendigo, Vic	The lease agreement is a non-cancellable lease with an initial term of five years which commenced 01/09/2022 with a further five year extension option available. The Group is not reasonably certain to exercise the option.
Piper Road, Bendigo, Vic	The lease agreement is a non-cancellable lease with an initial term of two which commenced 15/03/2023 with a further two year extension option available. The Group is reasonably certain to exercise the option.
Murray Street, Hobart, Tas	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in 01/11/2016. The lease was renewed for threes years with a further four year extension option available. The Group is reasonably certain to exercise the option.
Shop 34 Bath Lane, Bendigo, Vic	The lease agreement is a non-cancellable lease with a term of two years which commenced in 01/04/2022. There are no extension options.
Network Infrastructure	The lease agreement is a non-cancellable lease with a term of three years which commenced in 30/06/2020. There are no extension options.
Cloud Infrastructure	The lease agreement is a non-cancellable lease with a term of three years which commenced in 20/07/2020. There are no extension options.
Cloud Infrastructure	The lease agreement is a non-cancellable lease with a term of five years which commenced in 27/11/2020. There are no extension options.
Network Infrastructure	The lease agreement is a non-cancellable lease with a term of three years which commenced in 17/10/2021. There are no extension options.
Network Infrastructure	The lease agreement is a non-cancellable lease with a term of three years which commenced in 01/12/2021. There are no extension options.
Network Infrastructure	The lease agreement is a non-cancellable lease with a term of four years which commenced in 15/06/2023. There are no extension options.

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

a) Current lease liabilities	2023	2022
	$	$
Telecommunications & Infrastructure lease liabilities	338,067	719,131
Unexpired interest	(22,220)	(27,611)
	315,847	691,520
Building lease liabilities	296,658	305,962
Unexpired interest	(39,550)	(16,519)
	257,108	289,443
	572,955	980,963

b) Non-current lease liabilities	2023	2022
	$	$
Telecommunications & Infrastructure lease liabilities	375,574	596,189
Unexpired interest	(17,734)	(20,402)
	357,840	575,787
Building lease liabilities	911,073	287,466
Unexpired interest	(60,143)	(24,207)
	850,930	263,259
	1,208,770	839,046

c) Maturity analysis	2023	2022
	$	$
Not later than 12 months	634,725	1,025,093
Between 12 months and 5 years	1,286,647	823,193
Greater than 5 years	-	60,462
Total undiscounted lease payments	1,921,372	1,908,748
Unexpired interest	(139,647)	(88,739)
Present value of lease liabilities	1,781,725	1,820,009

21. EMPLOYEE ENTITLEMENTS

	2023	2022
	$	$
Current		
Annual Leave	566,294	582,640
Long Service Leave	468,501	507,771
	1,034,795	1,090,411
Non Current		
Long Service Leave	79,669	80,938
	79,669	80,938

Provision for Employee Benefits

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

The current portion of this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion of this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 1(h).

22. PROVISIONS

	2023	2022
	$	$
Current		
Lease Make Good	1,326	3,733
Deferred Contingent Acquisition	-	300,000
	1,326	303,733
Non Current		
Lease Make Good	15,413	17,032
	15,413	17,032

Provision for Make Good

The Group is required to restore the leased premises of their office buildings pursuant to the make good requirements of the lease. A provision for make good has been raised based upon the estimated expenditure incurred upon termination of the lease.

23. TAX ASSETS AND LIABILITIES

	2023 $	2022 $
a. Current tax		
Income tax payable / (refundable)	(112,615)	(309,712)
b. Deferred Tax Assets		
Balance as at 30 June	601,509	614,807
Represented by tax effect of:		
- Provision for impaired debts	17,644	707
- Provision for annual leave	141,574	145,660
- Provision for long service leave	137,043	147,177
- Provision for make good	4,185	5,191
- Capital allowances	22,352	27,543
- Right-of-use asset and lease liability	15,194	10,386
- Carried forward losses	263,517	278,143
	601,509	614,807

24. ISSUED CAPITAL

	No. of Shares	2023 $	2022 $
Fully paid ordinary shares at beginning of period	7,757,784	7,841,558	7,841,558
Less cost of equity raised - IPO	-	(284,199)	(284,199)
Less cost of equity raised - Scheme of arrangement	-	(524,929)	(524,929)
	7,757,784	7,032,430	7,032,430

25. CAPITAL COMMITMENTS

Capital Expenditure Commitments

	2023 $	2022 $
Capital expenditure commitments contracted for:		
Network infrastructure	169,881	37,000
IT Services	134,720	-
	304,601	37,000
Payable:		
No later than 12 months	304,601	37,000
Between 12 months and 5 years	-	-
	304,601	37,000

26. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There were no contingent assets or contingent liabilities at the date of this report to affect the financial statements.

27. OPERATING SEGMENTS

The Group has adopted AASB 8: Operating Segments from 1 July 2009 whereby segment information is presented using a 'management approach'; that is, segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision maker (the board that makes strategic decisions).

Bendigo Telco Limited reports and delivers services under three dedicated teams, Voice Services, Network Services and IT Services. These teams are responsible for the efficient end to end delivery of their product suites.

In prior periods the Group operated under two divisions, Business and Enterprise and Consumer and Small Business. Comparatives have been restated to reflect the change in operating structure.

Major customers

During the year ended 30 June 2023 approximately 34.0% (2022: 36.0%) of Bendigo Telco's external revenue was derived from sales to one customer (2022: one customer).

Revenue by division and product set for the period ending 30 June 2023

	Voice Services	Network Services	IT Services	Total
	$	$	$	$
Revenue from sales of services recognised over time				
Fixed Voice Services	1,473,682	-	-	1,473,682
SIP, VOIP, NBN Voice Services	3,834,679	-	-	3,834,679
VPN Products	-	8,363,177	-	8,363,177
Mobile Phone Services	2,196,782	-	-	2,196,782
E-Solutions Products	-	-	107,429	107,429
DSL Internet Services	-	82,740	-	82,740
NBN Internet Services	-	3,282,744	-	3,282,744
IT Services	-	-	2,602,445	2,602,445
Data Centre and MAN	-	-	2,200,373	2,200,373
Cloud Infrastructure Services	-	-	1,586,104	1,586,104
	7,505,143	11,728,661	6,496,351	25,730,155
Revenue from sale of goods recognised at point in time				
Mobile Phone Services	50,336	-	-	50,336
NBN Internet Services	-	2,037	-	2,037
Managed IT Services Equipment	-	-	393,914	393,914
Managed IT Services Onboarding	-	-	164,818	164,818
Hardware and Installations	-	-	1,717,180	1,717,180
	50,336	2,037	2,275,912	2,328,285
Other Income				
Profit on sale of assets	3,775	3,775	3,776	11,326
	3,775	3,775	3,776	11,326
Finance Income				
Interest received	466	466	465	1,397
	466	466	465	1,397
Total revenue from contracts with customers	7,559,720	11,734,939	8,776,504	28,071,163
Interest expense				(75,369)
Depreciation and amortisation				(2,179,222)
Other expenses				(25,602,096)
Profit before income tax expense				214,476

Revenue by division and product set for the period ending 30 June 2022

	Voice Services	Network Services	IT Services	Total
	$	$	$	$
Revenue from sales of services recognised over time				
Fixed Voice Services	2,041,977	-	-	2,041,977
SIP, VOIP, NBN Voice Services	3,527,095	-	-	3,527,095
VPN Products	-	9,221,375	-	9,221,375
Mobile Phone Services	2,157,843	-	-	2,157,843
E-Solutions Products	-	-	180,523	180,523
DSL Internet Services	-	108,691	-	108,691
NBN Internet Services	-	3,342,104	-	3,342,104
IT Services	-	-	837,122	837,122
Data Centre and MAN	-	-	2,684,200	2,684,200
Cloud Infrastructure Services	-	-	1,341,898	1,341,898
	7,726,915	12,672,170	5,043,743	25,442,828
Revenue from sale of goods recognised at point in time				
Mobile Phone Services	49,855	-	-	49,855
NBN Internet Services	-	15,134	-	15,134
Hardware and Installations	-	-	1,081,426	1,081,426
	49,855	15,134	1,081,426	1,146,415
Other Income				
Gain on remeasurement of right-of-use asset	44,913	44,913	44,914	134,740
	44,913	44,913	44,914	134,740
Finance Income				
Interest received	103	103	103	309
	103	103	103	309
Total revenue from contracts with customers	7,821,786	12,732,320	6,170,186	26,724,292
Interest expense				(127,741)
Depreciation and amortisation				(2,337,545)
Other expenses				(23,860,871)
Profit before income tax expense				398,135

Assets & Liabilities

No information is disclosed for segment assets and liabilities as no measure of segment assets and liabilities is regularly provided to the chief operating decision maker.

28. CASH FLOW INFORMATION

	2023	2022
	$	$
Reconciliation of net cash provided by operating activities with		
Profit after income tax	63,466	251,815
Non-cash flows in profit:		
Depreciation and amortisation	2,179,222	2,337,545
Loss / (Profit) on sale of assets	(11,326)	382
Gain on remeasurement of lease liability	-	(134,740)
Change in assets and liabilities		
(Increase)/decrease in assets and Increase/(decrease) in liabilities		
Receivables	(117,705)	(270,475)
Prepayments	340,105	(43,724)
Inventories	(6,102)	(73,268)
Deferred tax asset	13,298	12,365
Accounts payable	(94,060)	549,954
Provisions	(60,911)	88,540
Taxation	197,097	(368,916)
Net cash flow from operating activities	2,503,084	2,349,478

29. EVENTS AFTER THE REPORTING PERIOD

Since the end of the financial year the Board of Directors resolved to not declare a final dividend.

The Group has successfully renegotiated its $1.5m business loan facility with Bendigo & Adelaide Bank. Signing a new loan agreement on the 30 June 2023, with the settlement promptly executed on July 4. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term.

The Group previously classified its borrowings payable as a current liability on the statement of the financial position, due to the loan term terminating in August 2023. However with the formalisation of the new loan agreement, the Group has recorded the loan payable between its current and non-current portion appropriately. Removing any previously working capital deficiency pressures.

Since the end of the financial year, the Group has been notified that a customer with a material debtor balance has entered voluntary administration. Due to the uncertainty over the ability to recover the balance, the Group has increased the provision for impairment to reflect the increased risk.

30. RETIREMENT BENEFITS AND SUPERANNUATION PAYMENTS

	2023	2022
	$	$
Amounts of a prescribed benefit given during the year by the Group or a related party to a director or prescribed superannuation fund in connection with the retirement from a prescribed office.	Nil	Nil

31. RELATED PARTY DISCLOSURES

The Group enters into transactions with related entities including revenue received and services and supplies procured. These revenue and expense items are included in the Statement of Profit or Loss and Other Comprehensive Income. Amounts owing to and from related entities are included in the Statement of Financial Position.

The transactions are commercial and conducted on the same terms as other third party transactions.

A summary of material transactions excluding dividends between the Group and related parties during the period were;

	2023 $	2022 $
Network, Voice and Cloud telecommunication services provided to related entities	9,424,673	9,488,845
Supplies and services purchased from related entities	259,564	162,741
Amounts owing to / (from) related entities	2,187,164	2,716,806
Other non significant related party transactions include;		
Rent expense	45,255	2,400

The names of directors who have held office during the financial year are:

Robert Hunt	Jonathan Selkirk
Don Erskine	Gregory Gillett
Kevin Dole	Nicole Rooke
Rodney Payne	Stephen Griffin

No director or related entity has entered in to a material contract with the group.

Directors Shareholdings	2023 No.	2022 No.
Robert Hunt	513,758	513,758
Donald Erskine	939,326	939,326
Kevin Dole	-	-
Jonathan Selkirk	-	-
Rodney Payne	22,484	16,732
Gregory Gillett	24,108	24,108
Nicole Rooke	-	-
Stephen Griffin	-	-

32. FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with bank, short-term investments, accounts receivable and payable and leases. The main purpose of non-derivative financial instruments is to raise finance for Group operations.

The Group's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management programme focuses on the unpredictability of the telecommunications market and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out by the Board of Directors and senior management.

(i) Market Risk – the Group has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) Price Risk – the Group is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The Group is not exposed to commodity price risk.

(iii) Credit Risk – the Group has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history and credit rating.

(iv) Liquidity Risk – the Group maintains prudent liquidity management by maintaining sufficient cash and the availability of funding from credit facilities.

(v) Cash flow and fair value interest rate risk – interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. The Group has mitigated risk on long-term interest-bearing liabilities by negotiating fixed rate contracts.

The accounting policies including the terms and conditions of each class of financial asset and financial liability both recognised and unrecognised at balance date, are as follows:

Recognised	**Accounting Policies**	**Terms and Conditions**
Financial assets		
Cash or Cash Equivalents and Short-term Deposits	Cash or cash equivalents and short-term deposits are stated at cost and any interest is taken up as income on an accrual basis.	These items are cash or are readily convertible to cash.
Accounts Receivable – Debtors	As per AASB 9, an expected credit loss model is applied. To reflect changes in credit risk, this expected credit loss model requires the Group to account for expected credit loss since initial recognition.	Trade receivables are generally due for settlement within 14 days.
Financial liabilities		
Creditors and Accruals	Liabilities are recognised for amounts to be paid in the future for goods and services.	Trade creditors are normally settled on 30 day terms, or in accordance with agreement with individual creditors.
Bank loans	Bank loans measured using the effective interest rate method.	Secured by fixed and floating registered mortgage debenture.
Lease liabilities	Lease liabilities are measured at the present value of the lease payments still to be paid.	Remaining lease terms reasonably expected to be exercised.

(b) Financial Instruments

Financial instrument composition and maturity analysis

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments.

	Notes	Fixed Interest Rate Maturing Weighted Average Effective 2023 %	2022 %	Floating Interest Rate 2023 $	2022 $
Financial Assets					
Cash or Cash Equivalents	11	-	-	298,561	761,953
Short-term Deposits	11	3.30	0.53	850,615	100,174
Accounts Receivable - Debtors	12	-	-	-	-
Total Financial Assets		3.30	0.53	1,149,176	862,127
Financial Liabilities					
Creditors & Accruals	18(i)	-	-	-	-
Bank Loans	19	0.35	0.35	-	-
Lease Liabilities	20	3.54	1.78	-	-
Total Financial Liabilities		3.89	2.13	-	-

	Notes	Within 1 Year 2023 $	2022 $	1 to 5 years 2023 $	2022 $
Financial Assets					
Cash or Cash Equivalents	11	-	-	-	-
Short-term Deposits	11	-	-	-	-
Accounts Receivable - Debtors	12	-	-	-	-
Total Financial Assets		-	-	-	-
Financial Liabilities					
Creditors & Accruals	18(i)	-	-	-	-
Bank Loans	19	386,912	398,206	1,179,942	65,550
Lease Liabilities	20	634,725	1,025,093	1,286,647	823,193
Total Financial Liabilities		1,021,637	1,423,299	2,466,589	888,743

	Notes	Over 5 years 2023 $	2022 $	Non Interest Bearing 2023 $	2022 $
Financial Assets					
Cash or Cash Equivalents	11	-	-	-	-
Short-term Deposits	11	-	-	-	-
Accounts Receivable - Debtors	12	-	-	1,707,913	1,590,208
Total Financial Assets		-	-	1,707,913	1,590,208
Financial Liabilities					
Creditors & Accruals	18(i)	-	-	1,586,446	1,682,125
Bank Loans	19	-	1,500,432	-	-
Lease Liabilities	20	-	60,462	-	-
Total Financial Liabilities		-	1,560,894	1,586,446	1,682,125

	Notes	Total 2023 $	Total 2022 $
Financial Assets			
Cash or Cash Equivalents	11	298,561	761,953
Short-term Deposits	11	850,615	100,174
Accounts Receivable - Debtors	12	1,707,913	1,590,208
Total Financial Assets		2,857,089	2,452,335
Financial Liabilities			
Creditors & Accruals	18(i)	1,586,446	1,682,125
Bank Loans	19	1,566,854	1,964,188
Lease Liabilities	20	1,781,725	1,820,009
Total Financial Liabilities		4,935,025	5,466,322

Creditors and accruals are expected to be paid as follows:	2023 $	2022 $
Less than 6 months	1,586,446	1,682,125
6 months to 1 year	-	-
1 – 5 years	-	-
Over 5 years	-	-
	1,586,446	1,682,125

(c) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Group which have been recognised on the Statement of Financial Position is the carrying amount net of any provisions for impairment.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history and credit rating.

Exposure to Credit Risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Notes	Carrying Amount 2023 $	Carrying Amount 2022 $
Cash or Cash Equivalents	11	1,149,176	862,127
Trade & Other Receivables	12	1,707,913	1,590,208
		2,857,089	2,452,335

The Group's entire exposure to credit risk for Trade Receivables was attributable to customers located in Australia.

(d) Liquidity Risk

The following are the contractual maturities of financial liabilities for the Group:

	Notes	Carrying Amount $	Contracted Cash Flows $	1 year or less $	1-5 years $	Over 5 years $
30 June 2023						
Financial Liabilities						
Trade and other payables	18(i)	1,586,446	1,586,446	1,586,446	-	-
Bank Loans	19	1,566,854	1,566,854	386,912	1,179,942	-
Lease Liabilities	20	1,781,725	1,921,372	634,725	1,286,647	-
Total financial liabilities		4,935,025	5,074,672	2,608,083	2,466,589	-

Lease Liabilities have been entered into subsequent to balance date.

(e) Fair Values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

		Total Carrying Amount per Statement of Financial Position		Aggregate Net Fair Values	
		2023	2022	2023	2022
Financial Instruments	Notes	$	$	$	$
Financial assets					
Cash or cash equivalents	11	298,561	761,953	298,561	761,953
Short-term bank deposits	11	850,615	100,174	850,615	100,174
Accounts receivable - debtors	12	1,707,913	1,590,208	1,707,913	1,590,208
Total financial assets		2,857,089	2,452,335	2,857,089	2,452,335
Financial liabilities					
Creditors and accruals	18(i)	1,586,446	1,682,125	1,586,446	1,682,125
Bank Loans	19	1,566,854	1,964,188	1,566,854	1,964,188
Lease Liabilities	20	1,781,725	1,820,009	1,781,725	1,820,009
Total financial liabilities		4,935,025	5,466,322	4,935,025	5,466,322

The following methods and assumptions are used to determine the net fair values of Financial Assets and Financial Liabilities:

Recognised Financial Instruments

Cash or Cash Equivalents and Short-term Deposits	These financial instruments have a short term to maturity. Accordingly it is considered that carrying amounts reflect fair values.
Accounts Receivable – Debtors	Carrying amounts reflect fair values.
Creditors and Accruals	Carrying amounts reflect fair values.
Bank loans	Carrying amounts reflect fair values.
Lease liabilities	Carrying amounts reflect fair values.

(f) Sensitivity Analysis

Interest Rate Risk

The group has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in this risk.

Interest Rate Sensitivity Analysis

At 30 June 2023, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2023 $	2022 $
Change in profit		
Increase in interest rate by 2%	20,113	39,609
Decrease in interest rate by 2%	(20,113)	(39,609)
Change in equity		
Increase in interest rate by 2%	20,113	39,609
Decrease in interest rate by 2%	(20,113)	(39,609)

33. REGISTERED OFFICE/PRINCIPAL PLACES OF BUSINESS

Registered Office
Unit 1, 5 innovation Court, Bendigo, Victoria.

Principal Places of Business
Unit 1, 5 innovation Court, Bendigo, Victoria.
Lv 9, 39 Murray Street, Hobart, Tasmania.
33 Piper Street, Bendigo, Victoria.
Shop 25 Bendigo Bank Central, Bath Lane, Bendigo, Victoria
Shop 34 Bendigo Bank Central, Bath Lane, Bendigo, Victoria

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Bendigo Telco Limited (the Group), the directors of the group declare that:

1. the financial statements and notes of the group are in accordance with the *Corporations Act 2001* , and:

   a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with the International Financial Reporting Standards (IFRS); and
   b. give a true and fair view of the financial position as at 30 June 2023 and of the performance for the year ended on that date of the consolidated group;

2. in the director's opinion there are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable;

3. the directors have been given the declarations required by s 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer; and

4. the audited remuneration report set out in the Directors Report (as part of the remuneration report), for the year ended 30 June 2023, comply with section 300A of the *Corporations Act 2001* and the *Corporations Regulation 2001* .

This declaration is made in accordance with a resolution of the Board of Directors.

On behalf of the directors

Robert Hunt	Donald Erskine
Chairman	Director

Signed on 30 August 2023

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550

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Independent auditor's report to the members of Bendigo Telco Ltd

Report on the audit of the financial Report

Our opinion

In our opinion, the financial report of Bendigo Telco Ltd (the Company) and its subsidiaries (collectively the Group) is in accordance with the *Corporations Act 2001*, including:

i. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Act 2001.*

What we have audited

The Group's financial report comprises the following:

- ✓ Consolidated statement of financial position as at 30 June 2023
- ✓ Consolidated statement of profit or loss and other comprehensive income for the year then ended
- ✓ Consolidated statement of changes in equity for the year then ended
- ✓ Consolidated statement of cash flows for the year then ended
- ✓ Notes comprising a summary of significant accounting policies and other explanatory notes
- ✓ The directors' declaration of the Group.

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

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

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Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023, 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were most significant in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the 'Auditor's responsibilities for the audit of the financial report', including in relation to these matters. Accordingly, our audit included performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Key audit matter	How our audit addressed the matter
Impairment of goodwill and intangible assets	
Given the changing nature of the industry in which the Group operates, there is a risk there could be a material impairment to goodwill and intangible asset balances. Determination as to whether or not impairment indicators relating to an asset or Cash Generating Unit (CGU) are present involves significant judgement about the future cash flows and plans for these assets and CGUs. The Group's disclosures about goodwill will specifically explain that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future.	We evaluated the Group's impairment calculations including testing of the recoverable amount of the CGU. We assessed the reasonableness of the cash flow projection used in impairment model as well as the Group's historical ability to achieve forecasts. We evaluated the reasonableness of key assumptions used in the impairment model including the discount rate, terminal growth rates and forecast growth assumptions. We performed sensitivity analysis around the key drivers of the cash flow projection. Having considered the change in assumptions (individually or collectively) that would be required for the CGU to be impaired, we considered the likelihood of such a movement in those key assumptions arising. We evaluated the adequacy of impairments that had been recognised during the financial year. We evaluated the adequacy of disclosure included in Note 16.

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Key audit matter	How our audit addressed the matter
Capitalisation and asset lives	
There are a number of areas where judgement impacts the carrying value of property, plant and equipment, software intangible assets and their respective depreciation and amortisation profiles. This is a key part of the audit due to the judgement involved in: ▪ the decision to capitalise expense costs ▪ the annual asset life review ▪ the timeliness of the transfer from assets in the course of construction.	We understood and assessed the Group's design and operating effectiveness of controls over the fixed asset cycle, evaluated the appropriateness of capitalisation policies, performed tests of a sample of costs capitalised during the year and assessed the timeliness of transfer of assets in the course of construction. We also performed testing on the application of the asset life review. This testing included assessing judgements made by the Group on: 1. The nature of underlying cost capitalised 2. The appropriateness of assets lives applied in the calculation of depreciation and amortisation. We evaluated the adequacy of disclosures included in Note 1.
Revenue recognition	
There are significant judgement areas relating to revenue recognition. These are: ▪ accounting for new products and plans including multiple element arrangements ▪ accounting for large and complex service contracts. The accuracy and completeness of amounts recorded as revenue is an inherent industry risk due to the complexity of billing systems, the complexity of products and services, and the combination of products sold and price changes in the year. The complexity of the billing systems also requires some reliance on the Group's IT systems with automated processes and controls over the capturing, valuing and recording of transactions.	Our audit procedures to address the risk of material misstatement relating to revenue recognition included: 1. Evaluating the design and effectiveness of key controls over the capture and measurement of revenue transactions, including evaluating the general controls over the relevant IT systems. 2. Detailed analysis of revenue based on expectations derived from our industry knowledge and following up variances from our expectations. 3. Detailed substantive testing of significant revenue balances. We evaluated the Group's accounting policies and disclosures about its revenue recognition included in Note 1 and Note 3 for compliance with Australian Accounting Standards (AASBs).
Asset acquisitions	
There are significant judgement areas relating to determining whether the acquisition of a business gives rise to a business combination under AASB 3 *Business Combinations* or an asset acquisition. This requires management to consider: ▪ if acquired processes are critical to the Group's ability to continue producing outputs	Our audit procedures to address the risk of material misstatement relating to asset acquisitions and business combinations included: 1. Review contract of sale and identify key terms and conditions 2. Confirm our understanding of the businesses acquired including the nature of acquired processes 3. Assess whether acquired processes are considered substantive to the Group

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Key audit matter	How our audit addressed the matter
▪ do the inputs acquired include an organised workforce that has skills, knowledge or experience to perform that process ▪ is the acquired process considered scarce or unique, or cannot be replaced without significant cost, effort or delay in the ability to continue producing outputs ▪ does the acquired process significantly contribute to the ability to continue producing outputs. Further, in accounting for an asset acquisition, management are required to recognise individual identifiable assets acquired and liabilities assumed at fair value.	4. Substantiate fair value of individual identifiable assets to supporting documentation 5. Test residual fair value allocated to acquisition of customer list (including capitalisation of purchase costs), ensuring no recognition of goodwill or deferred tax assets/liabilities on acquisition.
Reliance on automated processes and controls	
A significant part of the Group's financial processes are heavily reliant on IT systems with automated processes and controls over the capturing, valuing and recording of transactions. This is a key part of our audit because of the: ▪ complex IT environment supporting diverse business processes ▪ mix of manual and automated controls ▪ multiple internal and outsourced support arrangements ▪ complexity of the billing systems which result in revenue being recognised.	Our audit procedures to address the risk of material misstatement relating to reliance on automated processes and controls included: 1. Evaluating the design and effectiveness of key controls over the capture, valuing and measurement of transactions, including evaluating the general controls over the relevant IT systems. 2. Detailed analysis of revenue and expenditure based on expectations derived from our industry knowledge and following up variances from our expectations. 3. Detailed substantive testing of significant revenue and expenditure balances. 4. Assessing the competence of each service organisation's auditors, where reliance is placed on data obtained from those service organisations.

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Responsibilities of the directors for the financial report

The directors of the Group are responsible for the preparation of the financial report that 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group'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 Group 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.

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 Group'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 Group'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 Group to cease to continue as a going concern

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- 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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the remuneration report

Opinion on the remuneration report

We have audited the Remuneration Report included in pages 12 to 14 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Andrew Frewin Stewart
61 Bull Street, Bendigo, 3550
Dated this 30th day of August 2023

Joshua Griffin
Lead Auditor

SHAREHOLDER INFORMATION

The shareholder information set out below was current as at 20 July 2022.

Distribution of Shareholders

Category	Number of Holders
1 - 1,000	134
1,001 - 5,000	237
5,001 - 10,000	65
10,001 - 100,000	62
100,001 and over	6
	504

The number of shareholdings held in less than marketable parcels is 38.

Top 10 Shareholders

Name of Shareholder	Number of Shares	% of Total Shares
Bendigo and Adelaide Bank	2,386,747	30.8%
Erskine Investments Pty Ltd	939,326	12.1%
Hunters Ridge Pty Ltd	513,758	6.6%
Ron Poyser Administrators Pty Ltd	438,400	5.7%
National Nominees Limited	160,000	2.1%
P.J. & D.A. Eddy Pty Ltd	120,000	1.6%
MGR Property Pty Ltd	90,000	1.2%
Latrobe University	84,000	1.1%
Community Telco Syndicate	78,000	1.0%
Indicrock Superannuation Pty Ltd	70,058	0.9%
Total shares held by top 10 holders	4,880,289	62.91%