BENDIGO TELCO LIMITED

A.B.N. 88 089 782 203

2024 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 a dynamic telecommunications landscape over the past financial year. Our strategic focus on expanding product offerings, enhancing customer experience, and driving operational efficiency has been central to our reported performance in achieving a positive EBITDA of $367K for the financial year ended 30 June 2024.

The Group's revenue and margins from data centre and metropolitan area network ceased during FY23 and had a significant impact on the current year financial performance. The revenue and margins from traditional voice and data products have continued to progressively decline as projected and we have seen a marginal decline in mobile and SIP revenues. However, the decline in these areas was balanced by modest and prudent growth in cloud, consulting and managed IT service revenues. Consequently, the total revenues dropped by 7.96% from the prior year.

Given the historic financial performance, ongoing revenue and margin pressure from legacy products, loss of customers, changes in business and market environment and technology changes, the board resolved to apply conservative assumptions in the value-in-use calculations to assess the recoverable amounts of assets within the Groups defined cash generating units (CGU). The outputs from those calculations for the Vicwest Community Telco CGU and MGR and HiTech CGU, resulted in the balance sheet carrying value of the underlying asset, which included goodwill, exceeding their expected recoverable amounts. Accordingly, a non-cash impairment expense of $4.138M was booked for the financial year ended 30 June 2024 (of which $3.484M was directly related to goodwill).

The Group also performed reviews of internally generated assets and property, plant and equipment to identify if there were any events or conditions which could indicate an impairment including any significant decline in the assets usage or performance, technological advancements rendering the assets obsolete, changes in the business or market environment that adversely affect the value of the assets, physical damage or decisions to discontinue or replace the assets. Several items were identified and accordingly, a non-cash impairment expense of $608k was booked for the financial year ended 30 June 2024.

The telecommunications industry continues to evolve rapidly, presenting both challenges and opportunities. The shift away from traditional voice and data services has put pressure on our previous margins, requiring us to innovate and adapt our business model.

Despite a highly competitive market and the ongoing digital transformation within the industry, Bendigo Telco has maintained its position as a trusted technology partner for its customers, communities, and stakeholders.

One of the most significant challenges we face is the commoditisation of core telecommunications services. As prices for basic connectivity continue to decrease, differentiation through value-added services becomes increasingly important. Bendigo Telco has responded by focusing on services such as managed IT, cloud solutions, and cybersecurity. These areas not only offer growth potential but also align with our strategic objective of becoming the effective technology partner for our customers.

The Group continued to execute its strategy of positioning the Group as a preferred technology partner. This strategic direction is underpinned by our commitment to build new revenues and long-term sustainability while meeting the increasing demand for digital services across the communities we serve.

Key strategic initiatives undertaken during the year include:

1. Product and Service Expansion: We have broadened our product and service portfolio to include a range of innovative solutions designed to meet the evolving needs of our customers. Our product and service suite now includes '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. The broadened product and service suite has not only diversified our revenue streams but has also strengthened our position as a comprehensive technology partner and services provider.

2. Customer Experience Enhancement: Recognising that customer satisfaction is critical to our success, we have made significant investments in improving the customer experience. This includes development of our customer service platforms, streamlining service delivery processes, and additional focus on our digital interfaces. Our focus on delivering exceptional customer service is expected to result in higher customer retention rates and positive customer outcomes.

3. Operational Efficiency: We have implemented several initiatives aimed at improving operational efficiency and reducing costs. These include the decommissioning of latent infrastructure, rationalisation of our network and software, automation of routine tasks, and strategic workforce planning. These efforts have allowed us to maintain competitive pricing while ensuring high service standards.

4. Sustainability and Community Engagement: Bendigo Telco remains committed to its role as a responsible corporate citizen. Our sustainability initiatives focus on reducing our environmental impact, supporting local communities, and promoting digital inclusion.

The Group continues to place 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 and positive customer outcomes.

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 into the coming year.

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 Shop 25, Bendigo Bank Central, Bath Lane, Bendigo.

The office was vacated prior to 30 June 2024. As this lease was classified as a short-term lease, the Group was not required to perform any remeasurements of its right of use assets/lease liabilities.

The Group is also not reasonably certain that it will exercise its options on its Level 9, 39 Murray Street, Hobart and 33 Piper Road, Bendigo premises which come due on 1st November 2024 and 15th March 2025 respectively.

This decision not to exercise these options represents a change in accounting estimates and required a remeasurement of its right of use assets and liabilities resulting in a gain of remeasurement of $30K.

Cyber Security Risks

The Group acknowledges the critical importance of cyber security in safeguarding both 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 and associated risks 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 decreased by 7.96% from the prior year delivering a total turnover of $25,823,635 (FY23: $28,058,440).

The NPAT result for the year, on a reported basis, was a loss of $5,865,083 (FY23: $63,466). The loss was due to significant one-off adjustments including non-cash impairment charges of $4,745,644 against goodwill and other non-current assets and restructuring costs of $105,164.

Summary financial results	FY24 $'000	FY23 $'000	Change (%)
Revenue	25,824	28,058	(7.96%)
Gross margin	13,318	15,075	(11.66%)
EBITDA	367	2,469	(85.14%)
Net profit/(loss) after tax	(5,865)	63	(9409.52%)
Underlying net profit/(loss) after tax*	(1,042)	63	(1,753.97%)
Earnings per share (cents)	(75.60)	0.82	

* Underlying net profit/(loss) after tax represents results excluding non-cash impairments to goodwill and other intangibles and restructuring costs

The net assets of the Group decreased by $5,865,083 from the prior year to $1,423,794 (FY23: $7,288,877) due to the non-cash balance sheet impairment charges made to goodwill and other non-current assets.

The Group recorded a working capital deficiency of $764,215 with current liabilities of $4,394,935 exceeding current assets of $3,630,720.

The working capital deficiency result was due to the requirement for the Group, in accordance with para.74 of *AASB 101 Presentation of Financial Statements* , to reclassify $904,152 of borrowing facilities from non-current to current liabilities due to breaching the financial loan covenants as at 30 June 2024.

After thoroughly evaluating the Group's financial performance, strategic objectives, and ongoing investment in its transition to becoming our customers' preferred technology partner, the directors decided not to declare a final dividend for this financial year.

Future Outlook

FY25 will continue to bring a mix of challenges and opportunities for the Group. While data centre and metropolitan area network revenues have stabilised, revenues and margins from traditional voice and data services are expected to decline marginally. The Group will remain focused on capitalising on emerging market opportunities and the continued rationalisation and decommissioning of infrastructure that no longer delivers or supports the Groups products and services or positive customer outcomes. At the same time, we will continue to provide unwavering support and service to our loyal customers and communities.

As we continue to implement our strategy and position the Group to be our customers preferred technology partner, we are dedicated to building long-term sustainability while meeting the growing demand for digital services across the communities we serve.

Bendigo Telco remains committed to creating value for all stakeholders, including shareholders, customers, employees, and the communities we serve. The board retains its confidence in the Group's strategic priorities and objectives. Our continued investment in people, products, and processes, coupled with our focus on both organic and inorganic growth opportunities, are expected to bolster the Group's potential for sustained success.

We recognize that our success is built on the trust and loyalty of our customers and communities. As such, we will continue to prioritize customer satisfaction and community engagement in all our activities. Our goal is to be more than just a service provider; we aim to be a trusted partner that contributes to the prosperity and well-being of the communities we are privileged to serve.

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

On the 14 August 2024, the Group received correspondence from the Bendigo Bank acknowledging that they had received the Compliance Certificate and confirmed that the Debt Service Cover and Gearing covenant requirements under the business loan facility had been breached as at 30 June 2024. The Bendigo Bank further advised that they were reserving their rights under the Transaction Documents to take immediate action in relation to the breaches and any further breach/es.

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

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, Don Erskine and Kevin Dole.
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 2024. The information in the preceding operating and financial review forms part of this directors' report for the financial year ended 30 June 2024 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 (resigned 27 March 2024)	Ms N Rooke
Mr R Payne	Mr S Griffin

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

DIVIDENDS PAID OR RECOMMENDED

Ordinary Dividends Paid or Declared (Fully Franked):

No dividends were paid or declared.

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 2024:

	$
Taxation services	1,045
Share registry services	9,128
	10,173

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2024 as required under section 307C of the *Corporations Act 2001* , has been received and can be found on page 17 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 40 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 22,484 shares
Special Responsibilities	Member of Audit and Risk Committee
Other Directorships	Director - The Legal Lantern Group Director - Homes To Help Limited

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 almost 20 years' experience in Financial Services in varying roles within Finance, Investor Relations and Strategy. Nicole 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	Board Member for the La Trobe Business School

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	Indirect - MGR Property Trust ATF MGR Investment Trust (one-third interest) 90,000 shares
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, 9 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

Directors	Directors' Meetings		Audit & Risk Committee		Remuneration Committee	
	No. eligible to attend	No. attended	No. eligible to attend	No. attended	No. eligible to attend	No. attended
Robert Hunt	9	9	4	4	1	1
Donald Erskine	9	7	4	3	1	1
Kevin Dole	9	9	4	4	1	1
Jonathan Selkirk	6	4	-	-	-	-
Rodney Payne	9	8	4	4	-	-
Gregory Gillett	9	9	4	4	-	-
Nicole Rooke	9	7	-	-	-	-
Stephen Griffin	9	8	-	-	-	-

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 11% before 1 July 2024 and 11.5% after 1 July 2024 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	(Resigned 27 March 2024)
Rodney Payne	Director	
Gregory Gillett	Director	
Nicole Rooke	Director	
Stephen Griffin	Director	

(ii) Executive Director

Kevin Dole	Managing Director

(iii) Other KMP

Steven Wright	Chief Financial Officer

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 for 2020 and 2021. 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. 2024 net profits continued to be impacted following the decrease of data centre services in 2023 as well as significant non-cash impairments to goodwill, property plant and equipment and other intangibles. Average dividend yield over the past five years is 7.70% fully franked.

	2020	2021	2022	2023	2024
Revenue	$33.4M	$29.7M	$26.6M	$28.1M	$25.9M
EBITDA	$4.65M	$4.19M	$2.86M	$2.47M	$0.37M
Net profit/(loss)	$1.06M	$1.04M	$0.25M	$0.10M	($5.87M)
Share price at year end	$1.15	$1.25	$0.95	$0.50	$0.50
Dividends paid	12.0 cents	15.5 cents	9.5 cents	3.5 cents	0.0 cents
Basic EPS	13.73 cents	13.36 cents	3.25 cents	0.82 cents	(75.6) cents

Details of remuneration for year ended 30 June 2024

		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	2024	13,514	-	1,486	-	-	15,000	-
Hunt	2023	13,575	-	1,425	-	-	15,000	-
Donald	2024	13,514	-	1,486	-	-	15,000	-
Erskine	2023	13,575	-	1,425	-	-	15,000	-
Jonathon	2024	10,135	-	1,115	-	-	11,250	-
Selkirk	2023	13,575	-	1,425	-	-	15,000	-
Rodney	2024	14,257	-	743	-	-	15,000	-
Payne	2023	15,000	-	-	-	-	15,000	-
Gregory	2024	13,514	-	1,486	-	-	15,000	-
Gillett	2023	13,575	-	1,425	-	-	15,000	-
Nicole	2024	13,514	-	1,486	-	-	15,000	-
Rooke	2023	13,575	-	1,425	-	-	15,000	-
Stephen	2024	15,000	-	-	-	-	15,000	-
Griffin	2023	11,250	-	-	-	-	11,250	-
Executive Director								
Kevin	2024	272,774	-	28,355	-	-	301,129	9
Dole	2023	268,832	-	26,652	-	-	295,484	12
Other KMP								
Steven	2024	226,744	-	23,292	-	-	250,036	10
Wright	2023	217,852	-	21,299	-	-	239,151	10
Margaret	2024	-	-	-	-	-	-	-
O'Rourke	2023	153,714	-	14,940	-	-	168,654	-
	2024	592,966	-	59,449	-	-	652,415	
	2023	734,523	-	70,016	-	-	804,539	

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 28 August 2024, pursuant to section 298(2)(a) of the *Corporations Act 2001* .

Robert Hunt

Chairman

Donald Erskine

Director

Andrew Frewin Stewart
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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 2024, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550
Dated this 28th day of August 2024

Joshua Griffin
Lead Auditor

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $	2023 $
Revenue	4(a)	25,823,635	28,058,440
Cost of products sold		(12,505,500)	(12,983,328)
Other income		30,079	11,326
Finance income		8,649	1,397
Salaries and employee benefit costs		(9,419,373)	(9,016,305)
Occupancy and associated costs		(184,867)	(243,157)
General administration costs		(1,605,822)	(1,697,971)
Depreciation and amortisation costs	5(a)	(1,589,071)	(2,179,222)
Advertising and promotion costs		(103,905)	(126,777)
Systems costs		(1,603,820)	(1,471,078)
Borrowing costs	5(c)	(216,111)	(138,849)
Impairment losses	5(d)	(4,745,644)	-
Profit/(Loss) before income tax		(6,111,750)	214,476
Income tax (expense)/credit	6	246,667	(151,010)
Net profit/(loss) for the year		(5,865,083)	63,466
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		(5,865,083)	63,466
Total comprehensive income attributable to members of Bendigo Telco Limited		(5,865,083)	63,466
Earnings per share			
Basic earnings/(loss) per share (cents)	10	(75.60)	0.82
Diluted earnings/(loss) per share (cents)	10	(75.60)	0.82

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

	Notes	2024 $	2023 $
Current Assets			
Cash and cash equivalents	11	999,063	1,149,176
Trade and other receivables	12	1,866,932	1,707,913
Prepayments		608,068	849,189
Inventories	13	72,550	156,810
Current tax assets	23(a)	84,107	112,615
Total Current Assets		**3,630,720**	**3,975,703**
Non Current Assets			
Prepayments		33,140	14,333
Property, plant and equipment	15	277,818	944,495
Right-of-use assets	16	636,181	1,805,845
Intangible assets	17	1,119,144	6,071,518
Deferred tax asset	23(b)	848,176	601,509
Total Non Current Assets		**2,914,459**	**9,437,700**
TOTAL ASSETS		**6,545,179**	**13,413,403**
Current Liabilities			
Trade and other payables	18	1,540,220	1,644,744
Borrowings	19	1,255,123	386,912
Lease Liabilities	20(a)	489,803	572,955
Employee Entitlements	21	1,105,339	1,034,795
Provisions	22	4,450	1,326
Total Current Liabilities		**4,394,935**	**3,640,732**
Non Current Liabilities			
Borrowings	19	-	1,179,942
Lease Liabilities	20(b)	565,587	1,208,770
Employee Entitlements	21	64,326	79,669
Provisions	22	96,537	15,413
Total Non Current Liabilities		**726,450**	**2,483,794**
TOTAL LIABILITIES		**5,121,385**	**6,124,526**
NET ASSETS		**1,423,794**	**7,288,877**
EQUITY			
Issued capital	24	7,032,430	7,032,430
Retained earnings/(Accumulated losses)		(5,608,636)	256,447
TOTAL EQUITY		**1,423,794**	**7,288,877**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	Ordinary Share Capital $	Accumulated Losses $	Total $
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**
Balance at 1 July 2023		7,032,430	256,447	7,288,877
Comprehensive Income				
Loss for the year		-	(5,865,083)	(5,865,083)
Other comprehensive income for the year		-	-	-
Total comprehensive income for the year		-	(5,865,083)	(5,865,083)
Transaction with owners, in their capacity as owners, and other transfers				
Dividends recognised for the year	9	-	-	-
Total transactions with owners and other transfers		-	-	-
Balance at 30 June 2024		**7,032,430**	**(5,608,636)**	**1,423,794**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2024

	Notes	2024 $	2023 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		28,446,759	31,144,845
Payments to suppliers and employees		(27,657,959)	(28,541,361)
Lease payments not included in lease liabilities	5(b)	(89,084)	(91,969)
Interest paid on lease liabilities		(40,244)	(42,515)
Interest paid on borrowings		(23,672)	(26,698)
Income tax paid		28,508	59,385
Interest received		8,649	1,397
Net cash provided by operating activities	28	**672,957**	**2,503,084**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of intangible assets		-	(558,389)
Purchase of property, plant and equipment		(25,130)	(154,989)
Proceeds from sale of property, plant and equipment		30,565	28,950
Net cash provided by/(used in) investing activities		**5,435**	**(684,428)**
CASH FLOW FROM FINANCING ACTIVITIES			
Repayment of lease liabilities		(516,774)	(862,750)
Repayment of bank loans		(311,731)	(397,334)
Dividends paid		-	(271,523)
Net cash used in financing activities		**(828,505)**	**(1,531,607)**
Net increase/(decrease) in cash held		**(150,113)**	**287,049**
Cash and cash equivalents at beginning of financial year		1,149,176	862,127
Cash and cash equivalents at end of the financial year	11	**999,063**	**1,149,176**

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.

Reporting entity

The financial statements cover Bendigo Telco Limited (the Group) as a consolidated entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Group is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Unit 1, 5 Innovation Court, Bendigo, Victoria. With additional places of businesses listed at note 33.

A description of the nature of the Group's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

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.

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.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 August 2024. The directors have the power to amend and reissue the financial statements.

Going Concern

At 30 June 2024 the Group recorded net assets of $1,423,794 and recorded earnings before interest, tax, depreciation and amortisation (EBITDA) of $366,753.

However, the Group recorded a working capital deficiency of $764,215 at 30 June 2024, with current liabilities of $4,394,935 exceeding current assets of $3,630,720.

The key factor attributable to this working capital deficiency was the requirement for the Group, in accordance with para.74 of *AASB 101 Presentation of Financial Statements* , to reclassify $904,152 of borrowing facilities from non-current to current liabilities due to breaching loan covenants.

The loan covenants are in relation to the business loan facility entered into with Bendigo & Adelaide Bank on 30 June 2023. As at 30 June 2024 the Gearing covenant requiring a minimum of 40% was in breach (result 21.75%) and the Debt Service Coverage covenant requiring a minimum of 1.50x was in breach (result 0.43x).

To manage the Group’s $764,215 working capital deficiency at 30 June 2024, the directors note the Group has access to a $500,000 bank overdraft which can be used if necessary.

In light of this, the directors have reviewed the Group's forecasts and projections which are based on facts and circumstances known at the date of this report, including the reasonable possibility of changes in trading performance, alongside the following specific subsequent events:

- $904,152 of borrowing facilities were reclassified from non-current liabilities to current liabilities in June 2024.

Refer to Note 29 for further information regarding these significant events that have occurred since the end of the financial year.

In light of such subsequent events, the Bendigo Bank have provided a letter reserving their rights under the transaction documents however the directors have a reasonable expectation that the Group's $1,255,123 borrowing facility will not be cancelled, nor will the outstanding sum become immediately due for payment or payable on demand within the next 12 months.

The forecasts and projections demonstrate that the Group's existing cash holdings and $500,000 unused bank overdraft facility will be sufficient to manage the Group's working capital deficiency for the foreseeable future.

Accordingly, the directors concluded that the Group continue to adopt the going concern basis of accounting in preparing the financial statements based upon the following:
· stable cash holdings
· have adequate resources to pay its debts as and when they fall due for the foreseeable future
· continued prompt payment of all financial obligations including employee entitlements, state and commonwealth taxes
· no defaults on any existing loan facilities
· returned a positive EBITDA for the 12-months ended 30 June 2024
· expected improvements in future EBITDA and profitability

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

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

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

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

Accounting standards issued but not yet effective

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

Current and non-current classification

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

(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 and Deferred 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.

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.

(c) Trade receivables

Trade receivables are initially measured at the transaction price. 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. Refer to note 12 for the policy for impairment of receivables.

(d) 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 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

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.

(e) 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.

(f) 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.

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.

(g) 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.

(h) 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.

The Group as a Lessor

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

(i) 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.

(j) 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.

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.

(k) 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.

(l) Comparative Information

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

(m) 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.

(n) 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.

(o) 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.

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 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 judgements – 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.

Impairment of Intangible – Vicwest Community Telco Goodwill and Customer List

Vicwest Community Telco was purchased September 2016. As at 30 June 2024, the carrying value of our assets in the Vicwest Community Telco CGUs was assessed for impairment. The recoverable amount of these CGUs were determined using a 'value in use' calculation and it was lower than their carrying value due to loss of customer, diminished revenues, lower margins, changes in terms of significant contract and higher cost-to-serve. As a result,

- a $3,483,786 impairment loss in relation to goodwill was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, writing down the goodwill to $0.
- a $358,946 impairment loss in relation to customer list was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, writing down the intangible to $0.

The impairments were recorded in "Impairment losses" within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment of Intangible – MGR and HiTech Customer List

MGR and HiTech was purchased May 2022. As at 30 June 2024, the carrying value of our assets in the MGR and HiTech CGUs was assessed for impairment. The recoverable amount of these CGUs were determined using a 'value in use' calculation and it was lower than their carrying value due to loss of customer and diminished revenues. As a result, a $295,352 impairment loss was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, writing down the intangible to $774,302. The impairment was recorded in "Impairment losses" within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment of Intangible – Internally Generated Software

The Group had invested in the design, build and implementation of an IT Service Management (ITSM) platform during FY22. The customisation and configuration costs were recognised as an asset under AASB 138 Intangible Assets on the basis that the Group controlled and retained responsibility of the data and applications, held exclusive rights and could restrict access to the developed software. As at 30 June 2024, the carrying value of the internally generated software asset was assessed for impairment and it was determined that due to the underutilisation, additional unbudgeted investment requirements and ongoing licence fees there was significant uncertainty that any future economic benefits would be expected from the platform. As a result, a $297,710 impairment loss was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, writing down the intangible to $0. The impairment was recorded in "Impairment losses" within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Impairment of PP&E – Telecommunications Infrastructure

The Group had invested in infrastructure to deliver and support Metropolitan Area Network (MAN) and Virtual Server products. As at 30 June 2024, the carrying value of telecommunications infrastructure assets was assessed for impairment and it was determined that due to the change in product delivery and subsequent decommissioning of the associated assets, there was uncertainty that any future economic benefits would be expected from the telecommunications infrastructure. As a result, a $309,850 impairment loss was recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, writing down the telecommunications infrastructure PP&E to $139,227. The impairment was recorded in “Impairment losses” within the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

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 Estimate - 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 Estimate - 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 Estimate - 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 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 and security.

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

Key Estimate - 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 Estimate - 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.

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

	2024 $	2023 $
ASSETS		
Current assets	3,630,720	3,975,703
Non-current assets	2,914,459	9,437,700
TOTAL ASSETS	6,545,179	13,413,403
LIABILITIES		
Current liabilities	4,394,935	3,640,732
Non-current liabilities	726,450	2,483,794
TOTAL LIABILITIES	5,121,385	6,124,526
EQUITY		
Issued Capital	7,032,430	7,032,430
Retained Earnings	(5,608,636)	256,447
TOTAL EQUITY	1,423,794	7,288,877

Statement of Profit or Loss and Other Comprehensive Income

	2024 $	2023 $
Total profit	(5,865,083)	63,466
Total comprehensive income	(5,865,083)	63,466

Contingent liabilities
The parent entity has no contingent liabilities at 30 June 2024.

Contingent assets
The parent entity has no contingent assets as at 30 June 2024.

Guarantees
The parent entity has no guarantees as at 30 June 2024.

Capital commitments
The parent entity has capital commitments of $309,623 contracted for but not yet capitalised in the financial statements at 30 June 2024. 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

	2024 $	2023 $
(a) Revenue:		
Revenue from contracts with customers	25,823,635	28,058,440
	25,823,635	28,058,440
(b) Other income:		
Profit on sale of assets	-	11,326
Gain on remeasurement of right-of-use asset, lease liability and make good	30,079	-
	30,079	11,326
(c) Finance income:		
Interest received	8,649	1,397
	8,649	1,397
	25,862,363	28,071,163

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

	2024	2023
	$	$
Depreciation of property, plant and equipment:		
Office furniture & equipment	107,721	122,871
Motor vehicles	-	9,501
Leasehold	15,375	15,289
Telecommunications & infrastructure	273,218	305,324
	396,314	452,985
Amortisation of intangible assets:		
Customer List	364,126	366,067
Internally Generated Software	152,454	152,242
	516,580	518,309
Depreciation of right-of-use assets:		
Telecommunications & infrastructure	412,274	919,570
Buildings	263,903	288,358
	676,177	1,207,928
	1,589,071	2,179,222

(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.

	2024	2023
	$	$
Expenses relating to low-value leases	64,445	57,505
Expenses relating to short-term leases	24,639	34,464
	89,084	91,969

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

	2024	2023
	$	$
Borrowing expenses:		
Interest paid	143,788	75,369
Other	7,878	5,975
Equipment lease expenses	64,445	57,505
	216,111	138,849
Bad debts	201,197	10,022
Impairment allowance	(38,632)	67,748
	162,565	77,770

The Group incurred a significant bad debt of $184,470 during the period when a customer entered Voluntary Administration and subsequently Liquidation.

Loss of sale on assets	269,083	-

A review by the Group identified a significant amount of PP&E was retired or disposed of and a derecognition of $299,502 was required.

(d) Impairment losses

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, refer to note 2 for the key estimates applied and note 17 for additional information for the value in use calculations.

	2024	2023
	$	$
Impairment of Goodwill	3,483,786	-
Impairment of Customer Lists	654,298	-
Impairment of Internally Generated Software	297,710	-
Impairment of PP&E - Telecommunications Infrastructure	3,250	-
Impairment of ROU - Telecommunications Infrastructure	306,600	-
	4,745,644	-

6. TAX EXPENSE

	2024	2023
	$	$
a. The components of tax expense comprise:		
Current tax	(229,614)	137,712
Deferred tax	(17,053)	13,298
	(246,667)	151,010
b. The prima facie tax on profit/(loss) from activities before income tax is reconciled to the income tax expenses as follows:		
Prima facie tax payable on profit/(loss) from ordinary activities before income tax at 25% (2023: 25%)	(1,527,938)	53,619
Add:		
Tax effect of:		
- Movement in provision for impairment	(9,658)	16,937
- Movement in provision for employee benefits	13,800	(14,221)
- Movement in provision for make good	164	(1,007)
- Movement in provision for minimum spend shortfall	20,899	-
- Movement in deferred tax	(17,053)	13,298
- Capital allowances	(1,243)	(3,297)
- Non-deductible expenses	1,355,820	178,126
- Loss on sale of assets	(1,010)	-
	1,361,719	189,836
Less:		
Tax effect of:		
- Gain on remeasurement of right-of-use asset, lease liability and make good	6,283	-
- Right-of-use rental payments	74,165	77,821
	80,448	77,821
Carried forward losses	-	14,624
	-	14,624
Income tax expense/(credit) attributable to entity	(246,667)	151,010

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 2024.

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

	2024 $	2023 $
Short-term employee benefits	592,966	734,523
Post-employment benefits	59,449	70,016
Other long-term benefits	-	-
Termination benefits	-	-
Share-based payments	-	-
	652,415	804,539

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 2024	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	22,484	-	-	22,484
Gregory Gillett	24,108	-	-	24,108
Nicole Rooke	-	-	-	-
Stephen Griffin	90,000	-	-	90,000
Steven Wright	3,238	-	-	3,238
	1,592,914	-	-	1,592,914

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	90,000	-	-	90,000
Steven Wright	3,238	-	-	3,238
Margaret O'Rourke	-	-	-	-
	1,587,162	-	5,752	1,592,914

8. AUDITORS' REMUNERATION

	2024 $	2023 $
Remuneration of the auditor Andrew Frewin Stewart, for:		
Auditing the financial report	109,948	89,647
Taxation services	1,045	995
Share registry services	9,128	13,650
	120,121	104,292

9. DIVIDENDS PAID AND PROPOSED

	2024	2023
Distributions paid:	$	$
2023 Final 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
2024 Interim fully franked ordinary dividend of 0.0 (2023: 1.5) cents per share franked at the rate of 25.0% (2023: 25.0%)	-	116,367
	-	271,523
Total dividends (cents) per share for the period	-	3.50

10. EARNINGS PER SHARE

	2024	2023
	$	$
a. Reconciliation of earnings to profit or loss		
Profit/(loss) for the year	(5,865,083)	63,466
Earnings used in calculation of basic and diluted EPS	(5,865,083)	63,466
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/(loss) per share (cents)	(75.60)	0.82
Diluted earnings/(loss) per share (cents)	(75.60)	0.82

11. CASH AND CASH EQUIVALENTS

	2024	2023
	$	$
Cash at bank and on hand	999,063	298,561
Short term bank deposits	-	850,615
	999,063	1,149,176

Cash on hand is non interest bearing.

Cash at bank earned interest rates of 0% (2023: 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 2024 the average floating interest rates for the Group were 0.81% (2023: 0.04%).

The effective interest rate on short term bank deposits was 2.93% (2023: 3.30%); these deposits had an average maturity of 92 days.

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:

	2024	2023
	$	$
Cash and cash equivalents	999,063	1,149,176

12. TRADE AND OTHER RECEIVABLES

	2024 $	2023 $
Trade debtors	696,145	1,032,952
Other receivables	1,202,730	745,536
Provision for impairment	(31,943)	(70,575)
	1,866,932	1,707,913

Impairment of receivables

The average credit period on the sale of goods and rendering of services is 26 days (2023: 23 days).

Ageing of trade receivables is as follows:

a. Ageing of past due	2024 $	2023 $
0 – 30 days	588,130	594,257
30 – 60 days	29,542	138,375
60 – 90 days	3,718	76,446
Over 91 days	74,755	223,874
	696,145	1,032,952

b. The following table shows the movement in lifetime expected credit loss that has been recognised for trade debtors.

Lifetime expected credit loss: credit impaired	2024 $	2023 $
Opening balance	70,575	2,827
Net measurement of loss allowance	162,565	77,770
Amounts written off as uncollectable	(201,197)	(10,022)
Amounts recovered during the year	-	-
Balance at the end of the year	31,943	70,575

In measuring the expected credit loss, a provision matrix for trade receivables is used.

The Group incurred a significant bad debt of $184,470 during the period when a customer entered Voluntary Administration and subsequently Liquidation.

Ageing	**Expected default rate**	**Gross carrying amount**	**Credit loss allowance**
Current	0.19%	588,130	1,117
31 - 60 days past due	1.95%	29,542	576
61 - 90 days past due	10.01%	3,718	372
90+ days past due	26.60%	61,141	16,264
90+ days past due	100.00%	13,614	13,614
Total		696,145	31,943

13. INVENTORIES

	2024 $	2023 $
Inventory	72,550	156,810
	72,550	156,810

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	
		2024 %	2023 %	2024 %	2023 %
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.

15. PROPERTY PLANT AND EQUIPMENT

	2024	2023
	$	$
Office, Furniture, Equipment		
At Cost	1,437,906	2,448,904
Accumulated depreciation	(1,367,985)	(2,205,142)
	69,921	243,762
Motor Vehicles		
At Cost	153,586	217,425
Accumulated depreciation	(153,586)	(217,425)
	-	-
Leasehold		
At Cost	145,173	145,173
Accumulated depreciation	(76,503)	(61,128)
	68,670	84,045
Telecommunications & Infrastructure		
At Cost	2,139,254	5,634,798
Accumulated depreciation	(1,940,820)	(4,962,153)
Accumulated impairment losses	(59,207)	(55,957)
	139,227	616,688
Total Property, Plant & Equipment	277,818	944,495

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 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
Additions	15,466	-	-	9,664	25,130
Additions from asset acquisition	-	-	-	-	-
Disposals	(81,586)	-	-	(210,657)	(292,243)
Depreciation	(107,721)	-	(15,375)	(273,218)	(396,314)
Impairment	-	-	-	(3,250)	(3,250)
Balance at 30 June 2024	69,921	-	68,670	139,227	277,818

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

	2024 $	2023 $
Leased Telecommunications & Infrastructure		
At Cost	3,787,150	5,830,219
Accumulated depreciation	(3,448,247)	(5,071,637)
Accumulated impairment losses	(306,600)	-
	32,303	758,582
Leased Buildings		
At Cost	1,491,517	2,020,253
Accumulated depreciation	(887,639)	(972,990)
	603,878	1,047,263
Total Right-Of-Use Assets	636,181	1,805,845

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

	Telecommunications & Infrastructure	Buildings	TOTAL
Balance at 1 July 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
Additions	-	-	-
Disposals	(7,405)	-	(7,405)
Remeasurement	-	(179,482)	(179,482)
Depreciation	(412,274)	(263,903)	(676,177)
Impairment	(306,600)	-	(306,600)
Balance at 30 June 2024	32,303	603,878	636,181

Refer to Note 5 (d) for further details regarding the Group's impairment losses.

17. INTANGIBLES

	2024 $	2023 $
Goodwill		
Cost	5,344,282	5,344,282
Accumulated Impairment Losses	(5,344,282)	(1,860,496)
Net Carrying Value	-	3,483,786
Customer List		
Cost	4,749,371	4,749,371
Accumulated Amortisation	(2,407,019)	(2,042,893)
Accumulated Impairment Losses	(1,377,418)	(723,120)
Net Carrying Value	964,934	1,983,358
Internally Generated Software		
Cost	2,471,226	2,471,226
Accumulated Amortisation	(2,173,516)	(2,021,062)
Accumulated Impairment Losses	(297,710)	-
Net Carrying Value	-	450,164
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	1,119,144	6,071,518

a. Movement in carrying amounts

	Goodwill	Customer List	Internally Generated Software	Project Development	TOTAL
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 charge	-	(366,067)	(152,242)	-	(518,309)
Impairment losses	-	-	-	-	-
	3,483,786	1,983,358	450,164	154,210	6,071,518
Year ended 30 June 2024					
Balance at beginning of year	3,483,786	1,983,358	450,164	154,210	6,071,518
Additions	-	-	-	-	-
Additions from asset acquisition	-	-	-	-	-
Disposals	-	-	-	-	-
Amortisation	-	(364,126)	(152,454)	-	(516,580)
Impairment losses	(3,483,786)	(654,298)	(297,710)	-	(4,435,794)
	-	964,934	-	154,210	1,119,144

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

	2024 $	2023 $
Acquired CGU VicWest (2016)	-	4,035,234
Acquired CGU MGRIT & HiTech (2022)	774,302	1,205,196
Total	774,302	5,240,430

The recoverable amount of the CGU's above is determined using value in use calculations based on the present value of cash flow projections over a 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 which is consistent with other 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	
	2024	2023	2024	2023
Vicwest segment	10%	10%	(7%)	2%
MGRIT & HiTech segment	10%	10%	2%	2%

a. Acquired CGU Vicwest (2016)

Vicwest Community Telco was purchased September 2016. Goodwill was allocated to CGU's acquired through business combinations. Management believes the projected (7%) Terminal Value Growth Rate is prudent and justified, based on a review of forecasted revenues. Compared to prior years, Management have decreased their estimation due to loss of customer, diminished revenues, lower margins, changes in terms of significant contract, higher cost-to-serve and inability to cross-sell new products and services to the CGU. After an extensive review of the value in use calculations, 100% of the $3,483,786 goodwill and 100% of the $358,946 customer list has been recognised as impaired for the year ended 30 June 2024.

b. Acquired CGU MGRIT & Hi Tech (2022)

MGRIT and HiTech was purchased May 2022. Management believes the projected 2% Terminal Value Growth Rate is prudent and justified, based on a review of forecasted revenues and remains in line with prior year. After an extensive review of the value in use calculations, $295,352 of the customer list (28%) has been recognised as impaired for the year ended 30 June 2024.

18. TRADE AND OTHER PAYABLES

	2024 $	2023 $
Unsecured liabilities:		
Trade payables	474,468	641,283
Sundry payables and accrued expenses	1,065,752	1,003,461
	1,540,220	1,644,744
(i) Financial liabilities classified as trade and other payables		
Trade and other payables	1,540,220	1,644,744
GST payable	(43,133)	(58,298)
	1,497,087	1,586,446

19. BORROWINGS

	2024	2023
	$	$
Current		
Secured by fixed and floating registered mortgage debenture		
Bank loans	1,255,123	386,912
Total current borrowings	1,255,123	386,912
Non current		
Secured by fixed and floating registered mortgage debenture		
Bank Loans	-	1,179,942
Total non-current borrowings	-	1,179,942

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 entered into a $1.5m business loan facility with Bendigo & Adelaide Bank on 30 June 2023. Under the terms of the agreement, the loan structure entails both principal and interest payments over the entire 60-month term with an interest rate of 6.34%.

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.

As at 30 June 2024 the Gearing covenant requiring a minimum of 40% was in breach (result 21.75%) and the Debt Service Coverage covenant requiring a minimum of 1.50x was in breach (result 0.43x). The Bendigo Bank have provided letter advising that they are not calling the loan however reserve their rights to under the transaction documents to take immediate action in relation to the breaches.

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 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 not reasonably certain to exercise the option. This represents a change in accounting estimate as in prior periods it was deemed as reasonably certain to exercise the option. Remeasurements to lease liabilities and right-of-use assets resulted in a gain on remeasurement of $2,458.
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 three years with a further four year extension option available. The Group is not reasonably certain to exercise the option. This represents a change in accounting estimate as in prior periods it was deemed as reasonably certain to exercise the option. Remeasurements to lease liabilities and right-of-use assets resulted in a gain on remeasurement of $27,621.
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.
IT Services equipment	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.
Cloud Infrastructure	The lease agreement is a non-cancellable lease with a term of 12 months which commenced in 13/07/2023. There are no extension options.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of three years which commenced in 28/07/2023. There are no extension options.
IT Services equipment	The lease agreement is a non-cancellable lease with a term of three years which commenced in 04/12/2023. There are no extension options.

a) Current lease liabilities

	2024 $	2023 $
Telecommunications & Infrastructure lease liabilities	291,838	338,067
Unexpired interest	(15,481)	(22,220)
	276,357	315,847
Building lease liabilities	238,518	296,658
Unexpired interest	(25,072)	(39,550)
	213,446	257,108
	489,803	572,955

b) Non-current lease liabilities

	2024 $	2023 $
Telecommunications & Infrastructure lease liabilities	144,739	375,574
Unexpired interest	(6,758)	(17,734)
	137,981	357,840
Building lease liabilities	447,115	911,073
Unexpired interest	(19,509)	(60,143)
	427,606	850,930
	565,587	1,208,770

c) Maturity analysis

	2024 $	2023 $
Not later than 12 months	530,356	634,725
Between 12 months and 5 years	591,854	1,286,647
Greater than 5 years	-	-
Total undiscounted lease payments	1,122,210	1,921,372
Unexpired interest	(66,820)	(139,647)
Present value of lease liabilities	1,055,390	1,781,725

21. EMPLOYEE ENTITLEMENTS

	2024 $	2023 $
Current		
Annual Leave	596,683	566,294
Long Service Leave	508,656	468,501
	1,105,339	1,034,795
Non Current		
Long Service Leave	64,326	79,669
	64,326	79,669

22. PROVISIONS

	2024 $	2023 $
Current		
Lease Make Good	4,450	1,326
	4,450	1,326
Non Current		
Lease Make Good	12,943	15,413
Minimum spend shortfall	83,594	-
	96,537	15,413

23. TAX ASSETS AND LIABILITIES

	2024 $	2023 $
a. Current tax		
Income tax payable / (refundable)	(84,107)	(112,615)
b. Deferred Tax Assets		
Balance as at 30 June	848,176	601,509
Represented by tax effect of:		
- Provision for impaired debts	7,986	17,644
- Provision for annual leave	149,171	141,574
- Provision for long service leave	143,246	137,043
- Provision for make good	4,348	4,185
- Provision for minimum spend shortfall	20,899	-
- Capital allowances	20,101	22,352
- Right-of-use asset and lease liability	9,294	15,194
- Carried forward losses	493,131	263,517
	848,176	601,509

24. ISSUED CAPITAL

	No. of Shares	2024 $	2023 $
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

	2024	2023
Capital expenditure commitments contracted for:	$	$
Network infrastructure	-	169,881
IT Services equipment	309,623	134,720
	309,623	304,601
Payable:		
No later than 12 months	309,623	304,601
Between 12 months and 5 years	-	-
	309,623	304,601

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 2024 approximately 34.3% (2023: 34.0%) of Bendigo Telco's external revenue was derived from sales to one customer (2023: one customer).

Revenue by division and product set for the period ending 30 June 2024

	Voice Services	Network Services	IT Services	Total
	$	$	$	$
Revenue from sales of services recognised over time				
Fixed Voice Services	1,331,466	-	-	1,331,466
SIP, VOIP, NBN Voice Services	3,586,661	-	-	3,586,661
VPN Products	-	7,396,656	-	7,396,656
Mobile Phone Services	2,088,301	-	-	2,088,301
E-Solutions Products	-	-	87,213	87,213
DSL Internet Services	-	15,299	-	15,299
NBN Internet Services	-	3,367,815	-	3,367,815
Managed IT Services	-	-	1,801,586	1,801,586
Consulting Services	-	-	575,039	575,039
Hardware and Installations	-	-	-	-
Data Centre and MAN	-	-	227,476	227,476
Cloud Infrastructure Services	-	-	2,824,216	2,824,216
	7,006,428	10,779,770	5,515,530	23,301,728
Revenue from sale of goods recognised at point in time				
Mobile Phone Services	63,054	-	-	63,054
NBN Internet Services	-	1,885	-	1,885
Managed IT Services Equipment	-	-	266,833	266,833
Managed IT Services Onboarding	-	-	309,955	309,955
Hardware and Installations	-	-	1,880,180	1,880,180
	63,054	1,885	2,456,968	2,521,907
Other Income				
Gain on remeasurement of right -of-use asset	10,027	10,026	10,026	30,079
	10,027	10,026	10,026	30,079
Finance Income				
Interest received	2,883	2,883	2,883	8,649
	2,883	2,883	2,883	8,649
Total revenue from contracts with customers	7,082,392	10,794,564	7,985,407	25,862,363
Interest expense				(143,788)
Depreciation and amortisation				(1,589,071)
Impairment losses				(4,745,644)
Other expenses				(25,495,610)
Profit/(loss) before income tax expense				(6,111,750)

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

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

	2024	2023
	$	$
Reconciliation of net cash provided by operating activities with		
Profit/(loss) after income tax	(5,865,083)	63,466
Non-cash flows in profit/(loss):		
Depreciation and amortisation	1,589,071	2,179,222
Impairment loss on goodwill, intangibles, PP&E	4,745,644	-
Loss / (Profit) on sale of assets	269,083	(11,326)
Gain on remeasurement of lease liability	(30,079)	-
Change in assets and liabilities		
(Increase)/decrease in assets and Increase/(decrease) in liabilities		
Receivables	(159,019)	(117,705)
Prepayments	222,314	340,105
Inventories	84,260	(6,102)
Deferred tax asset	(246,667)	13,298
Accounts payable	(104,524)	(94,060)
Provisions	139,449	(60,911)
Taxation	28,508	197,097
Net cash flow from operating activities	672,957	2,503,084

29. EVENTS AFTER THE REPORTING PERIOD

On the 14 August 2024, the Group received correspondence from the Bendigo Bank acknowledging that they had received the Compliance Certificate and confirmed that the Debt Service Cover and Gearing covenant requirements under the business loan facility had been breached as at 30 June 2024. The Bendigo Bank further advised that they were reserving their rights under the Transaction Documents to take immediate action in relation to the breaches and any further breach/es.

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

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

30. RETIREMENT BENEFITS AND SUPERANNUATION PAYMENTS

	2024	2023
	$	$
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;

	2024 $	2023 $
Network, Voice and Cloud telecommunication services provided to related entities	8,881,319	9,424,673
Supplies and services purchased from related entities	227,908	259,564
Amounts owing to / (from) related entities	1,841,354	2,187,164
Other non significant related party transactions include;		
Rent & storage expense	2,689	45,255

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	2024 No.	2023 No.
Robert Hunt	513,758	513,758
Donald Erskine	939,326	939,326
Kevin Dole	-	-
Jonathan Selkirk	-	-
Rodney Payne	22,484	22,484
Gregory Gillett	24,108	24,108
Nicole Rooke	-	-
Stephen Griffin	90,000	90,000

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 2024 %	2023 %	Floating Interest Rate 2024 $	2023 $
Financial Assets					
Cash or Cash Equivalents	11	-	-	999,063	298,561
Short-term Deposits	11	2.93	3.30	-	850,615
Accounts Receivable - Debtors	12	-	-	-	-
Total Financial Assets		2.93	3.30	999,063	1,149,176
Financial Liabilities					
Creditors & Accruals	18(i)	-	-	-	-
Bank Loans	19	6.34	0.35	-	-
Lease Liabilities	20	2.21	3.54	-	-
Total Financial Liabilities		8.55	3.89	-	-

	Notes	Within 1 Year 2024 $	2023 $	1 to 5 years 2024 $	2023 $
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	1,255,123	386,912	-	1,179,942
Lease Liabilities	20	530,356	634,725	591,854	1,286,647
Total Financial Liabilities		1,785,479	1,021,637	591,854	2,466,589

	Notes	Over 5 years 2024 $	2023 $	Non Interest Bearing 2024 $	2023 $
Financial Assets					
Cash or Cash Equivalents	11	-	-	-	-
Short-term Deposits	11	-	-	-	-
Accounts Receivable - Debtors	12	-	-	1,866,932	1,707,913
Total Financial Assets		-	-	1,866,932	1,707,913
Financial Liabilities					
Creditors & Accruals	18(i)	-	-	1,497,087	1,586,446
Bank Loans	19	-	-	-	-
Lease Liabilities	20	-	-	-	-
Total Financial Liabilities		-	-	1,497,087	1,586,446

	Notes	Total 2024 $	Total 2023 $
Financial Assets			
Cash or Cash Equivalents	11	999,063	298,561
Short-term Deposits	11	-	850,615
Accounts Receivable - Debtors	12	1,866,932	1,707,913
Total Financial Assets		2,865,995	2,857,089
Financial Liabilities			
Creditors & Accruals	18(i)	1,497,087	1,586,446
Bank Loans	19	1,255,123	1,566,854
Lease Liabilities	20	1,055,390	1,781,725
Total Financial Liabilities		3,807,600	4,935,025

Creditors and accruals are expected to be paid as follows:	2024 $	2023 $
Less than 6 months	1,497,087	1,586,446
6 months to 1 year	-	-
1 – 5 years	-	-
Over 5 years	-	-
	1,497,087	1,586,446

(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 2024 $	Carrying Amount 2023 $
Cash or Cash Equivalents	11	999,063	1,149,176
Trade & Other Receivables	12	1,866,932	1,707,913
		2,865,995	2,857,089

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:

		Carrying Amount $	Contracted Cash Flows $	1 year or less $	1-5 years $	Over 5 years $
30 June 2024	Notes					
Financial Liabilities						
Trade and other payables	18(i)	1,497,087	1,497,087	1,497,087	-	-
Bank Loans	19	1,255,123	1,255,123	1,255,123	-	-
Lease Liabilities	20	1,055,390	1,122,210	530,356	591,854	-
Total financial liabilities		3,807,600	3,874,420	3,282,566	591,854	-

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	
		2024	2023	2024	2023
Financial Instruments	Notes	$	$	$	$
Financial assets					
Cash or cash equivalents	11	999,063	298,561	999,063	298,561
Short-term bank deposits	11	-	850,615	-	850,615
Accounts receivable - debtors	12	1,866,932	1,707,913	1,866,932	1,707,913
Total financial assets		2,865,995	2,857,089	2,865,995	2,857,089
Financial liabilities					
Creditors and accruals	18(i)	1,497,087	1,586,446	1,497,087	1,586,446
Bank Loans	19	1,255,123	1,566,854	1,255,123	1,566,854
Lease Liabilities	20	1,055,390	1,781,725	1,055,390	1,781,725
Total financial liabilities		3,807,600	4,935,025	3,807,600	4,935,025

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 2024, 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:

	2024 $	2023 $
Change in profit		
Increase in interest rate by 2%	21,482	20,113
Decrease in interest rate by 2%	(21,482)	(20,113)
Change in equity		
Increase in interest rate by 2%	21,482	20,113
Decrease in interest rate by 2%	(21,482)	(20,113)

33. REGISTERED OFFICE/PRINCIPAL PLACES OF BUSINESS

Registered Office
5 Innovation Court, Kennington, Victoria.

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

BENDIGO TELCO LIMITED
CONSOLIDATED ENTITY DISCLOSURE STATEMENT
AS AT 30 JUNE 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership Interest %	Tax residency
BCT Shepparton Pty Ltd	Body corporate	Australia	100%	Australia *
Vicwest Community Telco Ltd	Body corporate	Australia	100%	Australia *

* Bendigo Telco Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.

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 2024 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 and continue to adopt the going concern basis of accounting as detailed in note 1;

3. the consolidated entity disclosure statement on page 62 is true and correct, and

4. 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

5. the audited remuneration report set out in the Directors Report (as part of the remuneration report), for the year ended 30 June 2024, 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 28 August 2024

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

Report on the audit of the financial statements

Opinion

We have audited the financial report of Bendigo Telco Ltd's (the company) and its subsidiaries (collectively the Group), which comprises:

- Consolidated statement of financial position as at 30 June 2024
- 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 to the financial statements, including material accounting policy information
- The directors' declaration of the Group.

In our opinion, the accompanying financial report of 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 2024 and of its financial performance for the year ended on that date, and
ii. complying with Australian Accounting Standards and *Corporations Regulations 2001*.

Emphasis of matter

Without modifying our opinion, we draw attention to the Going Concern disclosure in Note 1 of the financial report, which discloses the following:

- At 30 June 2024, the Group recorded a working capital deficiency of $764,215, with current liabilities of $4,394,935 exceeding current assets of $3,630,720.
- The key factor attributable to this working capital deficiency was that the Group had breached loan covenants due to poor financial performance, therefore $904,152 of the borrowing facilities was reclassified from non-current to current liabilities on the balance sheet.

The directors have concluded the going concern basis is appropriate and that this position does not give rise to material uncertainty over going concern for the following reasons:

- Correspondence received from Bendigo and Adelaide Bank on 14 August 2024 advising that they reserve the rights to take immediate action in relation to theses breaches. However, the directors have a reasonable expectation that the Group's $1,255,123 borrowing facility will not be recalled within the next 12 months.

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- The Group have access to a $500,000 bank overdraft, which can be used if necessary to assist in managing the Group's working capital deficiency.
- The Group hold strong cash reserves of $999,063.
- The Group generated a positive EBITDA of $366,753.
- Budgeted improvements of profit and EBITDA for the year ended 30 June 2025.

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.

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	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,

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Key audit matter	How our audit addressed the matter
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. The Group recognised $4,745,644 of impairment losses at 30 June 2024, this has been disclosed in note 5 d) of the financial report.	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 the financial statements.
Revenue recognition	
The Group exercises significant judgement relating to revenue recognition in the following areas: ▪ 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 the financial statements for compliance with Australian Accounting Standards (AASBs).
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.

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Information other than the financial report and auditor's report thereon

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 2024, but does not include the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the annual report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the annual report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report.

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

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

Responsibilities of the Directors for the financial report

The directors of the 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 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

- 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.

- 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.

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Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of the Group, for the year ended 30 June 2024, 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 28th day of August 2024

Joshua Griffin
Lead Auditor

SHAREHOLDER INFORMATION

The shareholder information set out below was current as at 25 July 2024.

Distribution of Shareholders

Category	Number of Holders
1 - 1,000	130
1,001 - 5,000	227
5,001 - 10,000	63
10,001 - 100,000	60
100,001 and over	6
	486

The number of shareholdings held in less than marketable parcels is 62.

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%
P.J. & D.A. Eddy Pty Ltd	218,751	2.8%
National Nominees Limited	160,000	2.1%
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	4,979,040	64.18%