Annual Report 2024

Break O'Day Community Financial Services Limited

Community Bank St Helens-St Marys

ABN 63 614 142 853

Contents

Chair's report

For year ending 30 June 2024

Break O' Day Community Financial Services Limited has generally performed well in the financial year of 2023-2024, trading in quite good profit. The Board's focus has been to consolidate our reserves while continuing to raise awareness and build support across our community for our bank. While we have developed strong awareness and confidence among some in our community, there is still much more to achieve.

We will be forever grateful to our shareholders who shared our vision of establishing a local community bank, owned and governed by local community members, motivated to make our community a thriving one. Having consolidated our position, the Board is pleased to announce that we can make our second dividend payment. While the second dividend will only be three cents per share, rewarding our generous, loyal, and patient shareholders is important. We encourage our shareholders to be strong advocates for our bank and feel a sense of pride in what we have established and continue to achieve for our community.

One of the great pleasures for our volunteer Board members is to present the bursaries we fund to our local schools to encourage recipients to pursue the highest levels of education possible. We are making an excellent contribution to enabling our young community members to strive to achieve their dreams. Before the end of this calendar year, we will have a large grant round that will take us to a point where we will have directed over $60 000.00 back into our community since opening.

Our relationship and staff-sharing arrangement with our neighbouring company, Freycinet Financial Services, remains strong. Together, we have an extensive community banking presence across the whole East Coast region of our state.

I thank our committed volunteer Board members for their time and efforts to strengthen our company. Taking over as chair from our inaugural and long-serving chair, Andrew MacGregor has been a significant learning, with plenty still to go. Our long-serving Treasurer, Roger Harlow, recently finished his time on the Board. Roger has contributed to setting up our company and guiding us diligently with everything financial. On behalf of our community, we extend a big thank you to Roger. We know we will see him wearing his beloved Bendigo cap and advocating strongly for the bank. We have been fortunate to recruit Kevin Reilly, a resident of Fingal and an extremely well-credentialled replacement for Roger, to our Board as Treasurer. John Brakey also relinquished his Board position throughout the year. The Board is critical to our company; we must continue to recruit motivated community members with the skills and expertise needed for a high-functioning Board.

The Board is grateful for the outstanding support Martyn Neville, the State Regional Manager, provides to the Board and branch team. Kristen Darke is doing a tremendous job as our Senior Branch Manager, leading the way with our highly motivated and competent staff team in Shelly Montauban and Jane Whittaker-Webb. We are pleased that Pam Bailey is still on call as she transitions to a well-earned retirement.

We look forward to appointing a new lender to fill the vacancy created by Jenny James hard call to finish. We thank Jen for her energy and effort in serving our community well.

The call to action remains that the more our community supports our bank, the stronger we become, the more profitable we become, and the more we can invest back into our community.

Stephen Walley
Board Chair

Manager’s report

For year ending 30 June 2024

The 2024 financial year has delivered a solid financial performance for Break O’Day Community Financial Services Limited.

We have remained competitive in the market and continue to be focused on attracting new people to bank with us and encouraging existing customers to do more with us.

Community Banking has now reinvested $366 Million in profits into Australian Communities since 1998.

The Community Bank model means when banking with us 100% of our profits are retained in our community; up to a maximum of 20% may go to our shareholders and 80% of our profits can be distributed back to the community by way of grants and sponsorships.

Bank local, the more people that allow us to be their bank of choice, the more funds we can return to our community.

This financial year our Community Bank returned $5413 via grants & sponsorships.

Our total community contributions as at 30 June 2024 is $57,100.

We had some staff changes, we farewelled Bianca Floyed & Jen James and welcomed Jane Whittaker-Webb. Pam Bailey is in the process of transitioning to retirement, and is working some casual shifts to assist us, which is very appreciated. The team have continued to provide our customers with exceptional service. I am very proud of my team and the customer service they provide. We pride ourselves on guiding customers through financial decisions and helping customers to achieve their goals & dreams.

My heartfelt thanks to Martyn Neville, our Regional Manager for his support & guidance.

Our Community Bank Board of Directors are volunteers working for our community, all people with very busy lives. I thank them for their support, and for their service to our community.

To our shareholders, thank you for your ongoing support. It is because of you that we have a bank in our region.

We want to stay profitable and relevant, and to do so we require your ongoing support.

So I ask you, our Community Bank Shareholders- when was the last time you reviewed your current banking? Do you have banking with other financial institutions that is not currently supporting your community?

We are the better big bank, Australia’s most trusted bank, with Australia’s most satisfied home loan customers. In the current interest rate environment, our Free Home Loan Health Check has the ability to save customers or non-customers that choose to switch thousands of dollars.

Be sure to encourage any of your family and friends with any banking or financial requests to reach out to allow the team to assist.

Support us, to support you and our community.

Together we can make great things happen!

Kristen Darke
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2024

This past year has been particularly significant for Bendigo Bank and the Community Bank network. After five years apart, we had the opportunity to come together in person and connect in Bendigo at our National Conference in September.

It was lovely to see so many familiar faces and to meet many Directors who haven't attended previously. We feel proud to support such an amazing network.

We are committed to our strategy and the qualities that make Bendigo Bank unique, by staying true to our connection with communities, our regional roots, and our position as Australia's most trusted bank.

As Bendigo Bank adapts to the evolving digital landscape and changing customer expectations, the Community Bank Network is organically evolving in response.

Over the past 12 months, we have seen Community Bank companies seek to enhance their presence within their communities more than ever.

This has been through expanding or consolidating branch sites, collaborating with local, state, and national governments to support community initiatives, or by prioritising social value alongside financial performance through Social Trader accreditation.

The anniversary of the Community Bank model, along with changing environmental factors, provides an opportunity to reset and establish a clear pathway towards the next 25 years.

Bendigo Bank's purpose, to feed into the prosperity of communities, and our willingness to ensure our purpose is relevant to the needs of communities in which we are present, is a key contributor to our commercial success.

When we utilise our combined strengths, exercise our imaginations and have the courage to commit to creating our own opportunities, we will be the partner of choice for customers and communities regardless of location or cause.

Community, regional presence, and trust are the distinctive attributes of Bendigo Bank that we have maintained and plan to uphold in the future.

While Bendigo Bank emphasises commercial success, our foundation remains in community values. Our aim is to generate mutual value by providing solutions to local challenges.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your contribution helps foster economic growth, creates employment opportunities, and provides essential financial services to the members of your community.

Your dedication and support is making a positive impact on your community.

Justine Minne
Bendigo and Adelaide Bank

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

Directors
The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name:	Stephen John Walley
Title:	Non-executive director
Experience and expertise:	Stephen is an Educational Consultant/Coach. A distinguished teaching career saw Stephen achieve Principalship of St Helens, St Marys and Prospect High Schools. He currently offers Educational Leadership and Coaching as a private consultant. Stephen continues to support young people and his community commitment shines in his Life Membership of St Helens Football Club and continuing involvement in a range of other community committees. Building community connections is a key success factor for the Community Bank and the Board values Stephen's extensive skills in this area.
Special responsibilities:	Board Chair, HR Committee, Marketing and Sponsorship Committee

Name:	David Edward Llewellyn AM
Title:	Non-executive director
Experience and expertise:	David is a Viticulturist. David is the former Owner/Manager of Priory Ridge Wines, a successful business in St Helens. As a former politician for 28 years, he served more than 14 years as a Cabinet Minister in previous Tasmanian Governments and for some time held the position of Deputy Premier. David is a member of the Diocesan Board of Trustees for the Anglican Church in Tasmania and a former Chairman of Anglicare Tasmania. David has a 26 year background in electronic engineering as a senior Technical Officer and Operations Manager. In 2012 he was made a Member of the Order of Australia for services to the Tasmanian Parliament and to charity.
Special responsibilities:	Deputy Chairman, Audit Risk Management Committee

Name:	Sandra Maree Lohrey
Title:	Non-executive director
Experience and expertise:	Sandra is a Retail Assistant. Sandra was born and raised in St Helens and is now employed here in the retail sector. She has experience as a small business operator in her role as a Nutrimetics sales consultant. As Team Captain and participant in the Cancer Council's Relay for Life. Sandra is a capable organiser. She has coordinated the work of the Steering Committee as Secretary and her extensive local connections and relationships will be strong assets in the Board's community development for the Bank.
Special responsibilities:	HR Committee

Name:	Garry Colin Pannan
Title:	Non-executive director
Experience and expertise:	Garry has owned and operated businesses for the last 20 years. His level of expertise encompasses a background in sales, marketing, bookkeeping and running small businesses. Garry was a former board member of BreakO'Day Chamber of commerce and also a former board member of East Coast Tourism. Garry is currently working with a local real estate firm in the role of a real estate agent.
Special responsibilities:	Marketing and Sponsorship Committee

Name:	Elise Hayley Frost
Title:	Non-executive director
Experience and expertise:	Elise holds a Bachelor of Business and currently runs a marketing agency, specialising in branding and digital marketing. She has significant senior management experience from a decade working in local government, including experience in HR management, financial reporting, stakeholder management and strategic communications. Elise is involved locally in junior sports and is also a qualified Swimming Teacher.
Special responsibilities:	Marketing and Sponsorship Committee

Name: John Brakey
Title: Non-executive director
Experience and expertise: John previously had 27 years in Finance, working in the superannuation industry and funds management and investing globally in private markets. For the last 5 years, John has been managing businesses in the North East of Tasmania that currently employ 12 people.
Special responsibilities: Nil

Name: Roger William Harrison Harlow
Title: Non-executive director (resigned 30 July 2024)
Experience and expertise: Roger is a Retired Teacher and Scientist. Trained at University of Adelaide (BSc Hons PhD) 1966-1975, Lecturer in wine science at Roseworthy Agricultural College SA, (1974-75) Senior Research Officer, immunology at Dept of Medicine, University of Tasmania,(1976-80) secondary and senior secondary Maths Science teaching with Dept of Education Tasmania (1983-2008, Scottsdale, St Marys, St Helens). Now retired, work as a hobby farmer and beekeeper. Community service roles as Treasurer of Portland Council, Director and Treasurer for Break O'Day Health Resource Association Inc (1995- 2005), Director and Vice Chair Medea Park Association Inc (Aged Care, 1992-2021), Member Steering Committee, St Helens-St Marys Community Bank (2016-2018), Director & Treasurer, Break O'Day CFSL.
Special responsibilities: Treasurer

Name: Andrew Donald MacGregor OAM
Title: Non-executive director (resigned 14 November 2023)
Experience and expertise: Andrew is a retired Surveyor. Experienced throughout Tasmania as a Registered Land Surveyor, Certified Practising Planner, Property Development Consultant and Project Facilitator. Andrew has served as local government Councillor and Warden, as well as Director of several private companies. As a Life Member of St Helens and Districts Chamber of Commerce, past Chair of the Break O'Day Business Enterprise Board, past Chair of Medea Park Residential Care and a Board Member of the Tasmanian Community Fund. Andrew is passionate about developing economic opportunity for all in our community and views the Community Bank branch as a key part of this process. In 2022 he received an Order of Australia medal for services to the Community.
Special responsibilities: Nil

Company secretary
The Company secretary is Sheree Louise Archer. Sheree was appointed to the position of Company secretary on 23 February 2023.

Experience and expertise: Sheree has worked in the financial industry most of her working life with close to 19 years in the banking sector and held senior administrative roles over 14 years in financial planning businesses. She was the first Branch Manager for the St Helens / St Marys Community Bank and enjoyed the challenge of working together with a newly appointed team to establish and build the branch in its early stages. She held this role for 1.5 years and is now back working with the great group of people in the board of directors in the role of company secretary.

Principal activity
The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations
The profit for the company after providing for income tax amounted to $49,623 (30 June 2023: $175,764).

Operations have continued to perform in line with expectations.

Dividends
No dividends were declared or paid in the current financial year.

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

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

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

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

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

Meetings of directors
The number of director meetings (including meetings of committees of director) attended by each of the director of the company during the financial year were:

	Board	
	Eligible	Attended
Stephen John Walley	11	11
David Edward Llewellyn AM	11	11
Sandra Maree Lohrey	11	9
Garry Colin Pannan	11	9
Elise Hayley Frost	11	10
John Brakey	11	2
Roger William Harrison Harlow	11	11
Andrew Donald MacGregor OAM	4	3

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

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

	Balance at the start of the year	Changes	Balance at the end of the year
Stephen John Walley	5,001	-	5,001
David Edward Llewellyn AM	32,401	-	32,401
Sandra Maree Lohrey	2,501	-	2,501
Garry Colin Pannan	5,000	-	5,000
Elise Hayley Frost	-	-	-
John Brakey	-	-	-
Roger William Harrison Harlow	4,272	-	4,272
Andrew Donald MacGregor OAM	21,015	-	21,015

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

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

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 26 to the accounts.

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

Stephen John Walley
Chair

24 September 2024

Auditor’s independence declaration

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

Independent auditor’s independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Break O'Day Community Financial Services Ltd

As lead auditor for the audit of Break O'Day Community Financial Services 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: 24 September 2024

Lachlan Tatt
Lead Auditor

Financial statements

Break O'Day Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	7	512,702	550,337
Other revenue	8	37,738	74,484
Finance revenue		4,109	1,038
Total revenue		554,549	625,859
Employee benefits expense	9	(275,457)	(201,811)
Advertising and marketing costs		(13,222)	(4,254)
Occupancy and associated costs		(12,611)	(11,349)
System costs		(14,730)	(14,344)
Depreciation and amortisation expense	9	(67,586)	(61,110)
Finance costs	9	(12,168)	(11,972)
General administration expenses		(86,038)	(63,865)
Total expenses before community contributions and income tax expense		(481,812)	(368,705)
Profit before community contributions and income tax expense		72,737	257,154
Charitable donations and sponsorships expense		(5,414)	(17,380)
Profit before income tax expense		67,323	239,774
Income tax expense	10	(17,700)	(64,010)
Profit after income tax expense for the year		49,623	175,764
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		49,623	175,764
		Cents	**Cents**
Basic earnings per share	28	6.52	23.10
Diluted earnings per share	28	6.52	23.10

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

Break O'Day Community Financial Services Ltd
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	11	329,481	202,004
Trade and other receivables	12	46,546	73,146
Total current assets		376,027	275,150
Non-current assets			
Investment properties	13	6,807	-
Property, plant and equipment	14	139,463	161,373
Right-of-use assets	15	175,993	200,881
Intangible assets	16	47,527	67,112
Deferred tax assets	10	64,219	81,919
Total non-current assets		434,009	511,285
Total assets		810,036	786,435
Liabilities			
Current liabilities			
Trade and other payables	17	52,099	50,708
Borrowings	18	4,811	5,100
Lease liabilities	19	29,853	20,366
Employee benefits		13,732	7,818
Total current liabilities		100,495	83,992
Non-current liabilities			
Trade and other payables	17	29,663	44,494
Borrowings	18	33,099	37,900
Lease liabilities	19	188,549	215,132
Employee benefits		5,505	1,988
Lease make-good provision		3,437	3,264
Total non-current liabilities		260,253	302,778
Total liabilities		360,748	386,770
Net assets		449,288	399,665
Equity			
Issued capital	20	724,372	724,372
Accumulated losses		(275,084)	(324,707)
Total equity		449,288	399,665

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

Break O'Day Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022		724,372	(477,645)	246,727
Profit after income tax expense		-	175,764	175,764
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	175,764	175,764
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	22	-	(22,826)	(22,826)
Balance at 30 June 2023		724,372	(324,707)	399,665

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2023		724,372	(324,707)	399,665
Profit after income tax expense		-	49,623	49,623
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	49,623	49,623
Balance at 30 June 2024		724,372	(275,084)	449,288

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

Break O'Day Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		617,735	655,463
Payments to suppliers and employees (inclusive of GST)		(448,123)	(375,346)
Interest received		3,724	1,038
Interest and other finance costs paid		-	(792)
Net cash provided by operating activities	27	173,336	280,363
Cash flows from investing activities			
Payments for property, plant and equipment	14	(4,763)	(45,726)
Payments for intangible assets		(13,483)	(14,831)
Proceeds from disposal of property, plant and equipment		10,000	-
Net cash used in investing activities		(8,246)	(60,557)
Cash flows from financing activities			
Proceeds from borrowings		-	42,990
Repayment of borrowings		(5,090)	(7,388)
Interest and other finance costs paid		(12,021)	(11,038)
Dividends paid	22	-	(22,826)
Repayment of lease liabilities		(20,502)	(20,349)
Net cash used in financing activities		(37,613)	(18,611)
Net increase in cash and cash equivalents		127,477	201,195
Cash and cash equivalents at the beginning of the financial year		202,004	809
Cash and cash equivalents at the end of the financial year	11	329,481	202,004

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Break O'Day Community Financial Services Ltd (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 48 Cecilia Street, St Helens TAS 7216.

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

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

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

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

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

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

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

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

Note 3. Material accounting policy information (continued)

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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

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

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

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

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

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

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

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Estimates and assumptions

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in February 2028.

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

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

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

Note 5. Economic dependency (continued)

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

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

Note 6. Change to comparative figures

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company’s net profit or net asset position, however it did reduce the company’s right-of-use asset cost and accumulated depreciation at 30 June 2023 by $24,844.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	448,218	494,330
Fee income	30,557	26,058
Commission income	33,927	29,949
	512,702	550,337

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

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

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Note 8. Other revenue

	2024 $	2023 $
Market development fund	-	32,500
Secondment income	31,082	22,510
Rental income	6,656	10,383
Other income	-	9,091
	37,738	74,484

Market development fund
This income was a discretionary market development payment from Bendigo Bank and ceased this financial year.

Secondment income
The company regularly seconds its own employees out to other Bendigo Bank branches. This income refers to the compensation charged by the company for the employee services provided during the secondment period.

Note 9. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	237,616	177,866
Superannuation contributions	21,607	14,391
Expenses related to long service leave	3,517	108
Other expenses	12,717	9,446
	275,457	201,811

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	12,281	11,350
Plant and equipment	5,894	6,578
Motor vehicles	8,498	1,668
	26,673	19,596
Depreciation of right-of-use assets		
Leased land and buildings	20,674	13,610
Investment properties	654	7,437
	21,328	21,047
Amortisation of intangible assets		
Franchise fee	13,263	6,693
Franchise establishment fee	-	11,667
Rights to revenue share	6,322	2,107
	19,585	20,467
	67,586	61,110

Note 9. Expenses (continued)

Finance costs

	2024 $	2023 $
Bank loan interest paid or accrued	-	667
Lease interest expense	9,954	11,038
Unwinding of make-good provision	147	142
Chattel mortgage interest expense	2,067	125
	12,168	11,972

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	4,323	4,543

Note 10. Income tax

	2024 $	2023 $
Income tax expense		
Movement in deferred tax	(7,047)	7,398
Recoupment of prior year tax losses	25,672	56,612
Under/over adjustment	(925)	-
Aggregate income tax expense	17,700	64,010
Prima facie income tax reconciliation		
Profit before income tax expense	67,323	239,774
Tax at the statutory tax rate of 25%	16,831	59,944
Tax effect of:		
Non-deductible expenses	1,794	4,066
Under/over adjustment	(925)	-
Income tax expense	17,700	64,010

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(1,325)	(5,806)
Employee benefits	4,809	2,762
Provision for lease make good	859	816
Accrued expenses	1,100	772
Income accruals	(97)	-
Lease liabilities	54,601	58,875
Right-of-use assets	(45,700)	(50,220)
Carried-forward tax losses	49,972	74,720
Deferred tax asset	64,219	81,919

Note 10. Income tax (continued)

Accounting policy for income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for deferred tax
The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 11. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	329,481	202,004

Note 12. Trade and other receivables

	2024 $	2023 $
Trade receivables	39,373	61,625
Other receivables and accruals	(144)	(53)
Accrued income	385	-
Prepayments	6,932	11,574
	7,173	11,521
	46,546	73,146

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

Note 13. Investment properties

	2024 $	2023 $
Investment property - sublease - at cost	7,461	25,385
Less: Accumulated depreciation	(654)	(25,385)
	6,807	-

Reconciliation
Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening amount	-	8,291
Additions	7,461	-
Remeasurement adjustments	-	(854)
Depreciation expense	(654)	(7,437)
Closing amount	6,807	-

Note 13. Investment properties (continued)

Accounting policy for investment properties - sublease
The company subleases some of its property. The company initially measures the head lease in accordance with the accounting polices in note 19 'Lease liabilities' and note 15 'Right-of-use assets' before separately identifying the sublease portion under *AASB 140: Investment property*. The investment property is initially measured at cost under *AASB 16: leases* and subsequently measured at cost less accumulated depreciation under *AASB 140: investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

Accounting policy for subleases
When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognise the sublease portion of the right-of-use asset within investment property.

Note 14. Property, plant and equipment

	2024 **$**	**2023** **$**
Leasehold improvements - at cost	174,736	172,650
Less: Accumulated depreciation	(72,048)	(59,767)
	102,688	112,883
Plant and equipment - at cost	47,298	44,621
Less: Accumulated depreciation	(41,289)	(35,395)
	6,009	9,226
Motor vehicles - at cost	39,264	39,264
Less: Accumulated depreciation	(8,498)	-
	30,766	39,264
	139,463	161,373

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

	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2022	117,997	15,578	1,668	135,243
Additions	6,236	226	39,264	45,726
Depreciation	(11,350)	(6,578)	(1,668)	(19,596)
Balance at 30 June 2023	112,883	9,226	39,264	161,373
Additions	2,086	2,677	-	4,763
Depreciation	(12,281)	(5,894)	(8,498)	(26,673)
Balance at 30 June 2024	102,688	6,009	30,766	139,463

Note 14. Property, plant and equipment (continued)

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

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

Leasehold improvements	5 to 15 years
plant and equipment	4 to 15 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Right-of-use assets

	2024 **$**	**2023** **$**
Land and buildings - right-of-use	282,887	261,716
Less: Accumulated depreciation	(106,894)	(60,835)
	175,993	200,881

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

	Land and buildings $
Balance at 1 July 2022	224,387
Remeasurement adjustments	(9,896)
Depreciation expense	(13,610)
Balance at 30 June 2023	200,881
Remeasurement adjustments	(4,214)
Depreciation expense	(20,674)
Balance at 30 June 2024	175,993

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

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

Refer to note 19 for more information on lease arrangements.

Note 16. Intangible assets

	2024 $	2023 $
Franchise fee	76,316	76,316
Less: Accumulated amortisation	(28,789)	(15,526)
	47,527	60,790
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(100,000)	(100,000)
	-	-
Rights to revenue share	21,072	21,072
Less: Accumulated amortisation	(21,072)	(14,750)
	-	6,322
	47,527	67,112

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

	Franchise fee $	Establishment fee $	Rights to revenue share $	Total $
Balance at 1 July 2022	1,167	11,667	8,429	21,263
Additions	66,316	-	-	66,316
Amortisation expense	(6,693)	(11,667)	(2,107)	(20,467)
Balance at 30 June 2023	60,790	-	6,322	67,112
Amortisation expense	(13,263)	-	(6,322)	(19,585)
Balance at 30 June 2024	47,527	-	-	47,527

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

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

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

Rights to revenue share acquired as a result of the agency buy out were recognised at cost at the date of acquisition and have been assessed as having a useful life of five years.

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

Asset class	Method	Useful life	Expiry/renewal date
Establishment fee	Straight-line	Over the franchise term (5 years)	February 2028
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2028
Rights to revenue share	Straight-line	5 years	June 2024

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

Change in estimates
During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 17. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	45	7,714
Other payables and accruals	52,054	42,994
	52,099	50,708
Non-current liabilities		
Other payables and accruals	29,663	44,494

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	81,762	95,202
Less: Other payables and accruals - net GST (payable to)/refundable from the ATO	2,171	(920)
	83,933	94,282

Note 18. Borrowings

	2024 $	2023 $
Current liabilities		
Chattel mortgage	4,811	5,100
Non-current liabilities		
Chattel mortgage	33,099	37,900

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

Note 19. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	29,853	20,366
Non-current liabilities		
Land and buildings lease liabilities	188,549	215,132

Note 19. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	235,498	266,597
Remeasurement adjustments	3,406	(10,750)
Lease interest expense	9,954	11,038
Lease payments - total cash outflow	(30,456)	(31,387)
	218,402	235,498

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
St Helens Branch	4.46%	5 years	1 x 5 years	Yes	January 2033

Note 20. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	760,851	760,851	760,851	760,851
Less: Equity raising costs	-	-	(36,479)	(36,479)
	760,851	760,851	724,372	724,372

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

Rights attached to issued capital

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

Note 20. Issued capital (continued)

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the Board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 257. As at the date of this report, the company had 282 shareholders (2023: 284 shareholders).

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

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

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

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

Note 21. Capital management

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

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

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

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

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

Note 22. Dividends

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

	2024 $	2023 $
Unfranked dividend of nil cents per share (2023: 3 cents)	-	22,826

Accounting policy for dividends
Dividends are recognised when declared during the financial year.

Note 23. Financial risk management

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

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

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

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

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

Note 23. Financial risk management (continued)

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 12)	39,614	61,572
Cash and cash equivalents (note 11)	329,481	202,004
	369,095	263,576
Financial liabilities		
Trade and other payables (note 17)	83,933	94,282
Lease liabilities (note 19)	218,402	235,498
Chattel mortgage (note 18)	37,910	43,000
	340,245	372,780

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets at amortised cost.

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

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

Derecognition
A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables
Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

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

Market risk
Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $329,481 at 30 June 2024 (2023: $202,004).

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

Note 23. Financial risk management (continued)

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgages	7,213	38,233	-	45,446
Trade and other payables	54,270	29,663	-	83,933
Lease liabilities	30,456	121,824	109,134	261,414
Total non-derivatives	91,939	189,720	109,134	390,793

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Chattel mortgages	7,213	45,446	-	52,659
Trade and other payables	49,788	44,494	-	94,282
Lease liabilities	30,456	121,824	139,590	291,870
Total non-derivatives	87,457	211,764	139,590	438,811

Note 24. Key management personnel disclosures

The following persons were directors of Break O'Day Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Stephen John Walley
David Edward Llewellyn AM
Sandra Maree Lohrey
Garry Colin Pannan
Elise Hayley Frost
John Brakey
Roger William Harrison Harlow
Andrew Donald MacGregor OAM

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

Note 25. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 24.

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

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

Note 26. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,650	5,400
Other services		
Taxation advice and tax compliance services	1,514	1,433
General advisory services	5,345	3,700
Share registry services	5,207	2,470
	12,066	7,603
	18,716	13,003

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 $	2023 $
Profit after income tax expense for the year	49,623	175,764
Adjustments for:		
Depreciation and amortisation	67,586	61,110
Borrowings interest	2,067	-
Lease liabilities interest	9,954	11,038
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	16,600	(36,246)
Decrease in deferred tax assets	17,700	64,010
Increase in trade and other payables	227	6,094
Increase/(decrease) in employee benefits	9,431	(1,549)
Increase in provisions	148	142
Net cash provided by operating activities	173,336	280,363

Note 28. Earnings per share

	2024 $	2023 $
Profit after income tax	49,623	175,764
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	760,851	760,851
Weighted average number of ordinary shares used in calculating diluted earnings per share	760,851	760,851
	Cents	**Cents**
Basic earnings per share	6.52	23.10
Diluted earnings per share	6.52	23.10

Note 28. Earnings per share (continued)

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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

Directors' declaration

30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

Stephen John Walley
Chair

24 September 2024

Independent audit report

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

Independent auditor's report to the Directors of Break O'Day Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Break O'Day Community Financial Services Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Break O'Day Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2024

Lachlan Tatt
Lead Auditor

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Bendigo Bank