Annual Report 2024

Carrum Downs Financial Services Limited

Community Bank
Carrum Downs and Marriott Waters

ABN 89 088 990 470

Contents

Chair's report

For year ending 30 June 2024

It is with pleasure that I present my Chair's Report for Carrum Downs Financial Services Limited, the operator of Community Bank Carrum Downs and Community Bank Marriott Waters.

Time to reflect

25 years ago, a group of committed locals, a politician, and businesspeople came together to return banking back to the Carrum Downs community, after the National Australia Bank closed its branch in the Shopping Centre. In this time not only did we return banking back to Carrum Downs, but we also introduced banking to the Marriott Waters community. What a thrill it was to celebrate our 25th anniversary in October 2024, where we made substantial donations to community groups to mark this very special occasion.

I am pleased to say that during the last 12 months we have continued to support all our stakeholders. So, by banking with us, you do make a difference.

Our support over the years has been extended to our youth, emergency services, senior citizens, numerous community groups and to our sporting community. Our 'safe house' for women subjected to domestic violence which we built in 2022, for young single mums, to help then get back on their feet, continues to be in demand and you should be proud that we are helping young women and families who are in desperate need. We decided in 2024, in light of the high interest rate environment, to pay the loan for the house off in full.

This support would never have been possible without the support of you, our loyal shareholders. So, thank-you to each and every shareholder for your support.

Our Year

I am delighted to announce that we continue to grow our businesses at Community Bank Marriott Waters with small growth of 0.41%, with Community Bank Carrum Downs faring better with 9.24 % growth.

Over the last 12 months we have seen our business grow by $20.27 million (previous year $15.50 million). At the end of June 2024 our total funds under management were $357.34 million (previous year $337.07 million), representing a 6% (previous year 4.5%) increase in our business.

We are in a high-interest rate environment, and this puts pressure on our customers, but has a positive impact on our margins and our profitability. This will place our borrowers potentially under mortgage stress, and we have seen some customers sell their investment properties and use any excess funds to pay off mortgages on family homes, impacting our business and bottom line negatively. Self-funded retirees are the winners with increasing interest rates.

In June our Carrum Downs branch was closed for a couple of weeks whilst it underwent a refurbishment. The branch looks amazing – if you have not been in for a while, drop in to say hi and have a look at the new setup.

Dividends and community contributions

In this past financial year, we have made a further dividend to our shareholders totalling $0.28 per share, or $96,743.

Our community has also benefited during the last 12 months where we have distributed $313,564 (last year $494,820) to local community groups and projects.

What lies ahead?

All indicators are that we shall continue in a high inflation and high-interest rate environment, with rates not expected to drop until the second quarter of 2025. This impacts positively on our revenue. This is great news to you are shareholders and to the community but not so great news for our customers, some who may experience mortgage stress. However, as a Board we are committed to continuing to grow the business.

How can you help?

We are like every other bank, but we are the Better Big Bank. Why are we better? We are a real bank, with real people who return up to 80% of our profits back to the community. No other bank does this. Like every other bank, we have home loans, personal loans, credit cards, term deposits, savings accounts, insurances, the list goes on.

It is fair to say that whilst banking is our business, the community is our focus.

If we had your business, our profits would grow, our contribution to the community would grow and the return to our shareholders would grow. So, if you are not a customer then please give Len Barda our Senior Branch Manager a call today.

Our great team

The successes we have had in the last 12 months don't just happen by magic. It takes considerable effort and commitment.

I would therefore like to acknowledge our team led by our Senior Branch Manager, Len Barda. The team includes Belinda Wood, Carolynne Johnson, Ros Geurts, Silvanna Horne, Gary Rowe, Ben McDonald, Laura Patterson, Rosina Morris, and Ben Crawford. During the year we said goodbye to Sushobhita. I would also like to acknowledge Chris Wood who works for us on secondment from Bendigo Bank.

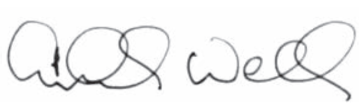
Our staff at your two Community Bank branches continue to do an outstanding job and I thank them sincerely for their service.

I would also like to acknowledge my fellow Directors. My Deputy Chair Christine Swanson, Treasurer Jason Pater (who returned to the Board in January 2024), Kenneth Smith, Gary Landy and our Company Secretary Emily Wiltshire.

We have a strong franchise partnership with Bendigo Bank, and I would like to thank our Regional Managers Tracey Kelly (who has moved on to another region) and Peter Rice for their hard work, support and commitment to us over the last 12 months.

Finally, to our shareholders, I thank you for your support, not only in the last 12 months but since we opened on 9 October 1999. Together we have 25 years of delivering to our local community. Quite an achievement.

In closing, how wonderful is it that we are continuing to grow and prosper.



Lindsay (Malcolm) Wells
Chair

Senior Manager's report

For year ending 30 June 2024

As we celebrate the 25th anniversary since the opening of Community Bank Carrum Downs (9 October 1999), I am pleased to report that both Community Bank Carrum Downs and Community Bank Marriott Waters have had another successful year.

Some of the key highlights during financial year 2024 include:

- We approved and settled more home loans than in any previous financial year in our (almost) 25 years of operation.
- We grew our business by over $20 million and are now managing over $357 million in customer funds.
- We increased our customers by 18%, and now care for 11,070 customers.
- Average products per customer rose by 24% to 2.43.
- Our total community contributions since opening have now exceeded $5 million, with over $313,000 returned this year alone (Bendigo Bank's Community Bank network has now returned over $36 million to local communities this year).
- In June 2024, we completed a full refurbishment of the Carrum Downs branch.
- We achieved registration as a Certified Social Enterprise.

As we evolve to meet our customers' changing needs, we feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Bendigo Bank's position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers and communities. Community and customers will always be at the heart of what we do.

During the year we welcomed Desiree Van de Beek-Harker to our team as a new Customer Service Officer. We also bid farewell to Gary Rowe who decided to take a step back after 10 years in his role as our Business Development Manager. Gary's involvement extends back over 25 years as our Community Bank's founding Chair and we look forward to Gary's ongoing contribution as he rejoins our Board of Directors.

None of these achievements would be possible without the hard work and dedication of our wonderful team including Christopher Wood, Ben Crawford, Belinda Wood, Laura Patterson, Roslyn Geurts, Carolynne Johnson, Silvana Horne, Rosina Morris and Ben McDonald. I would also like to extend a sincere thank you to our Board for their unwavering support and for trusting me to lead our team for the past 12 years.

On 9 October 2024, we will be celebrating our 25th anniversary and we look forward to continuing to provide our customers with outstanding, personalised service while sharing our profits with our community.

Len Barda
Senior Manager

Directors' report

For the financial year ended 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:

Mr Lindsay (Malcolm) Wells

Title:	Non-executive director
Qualifications:	CPA, B.Bus (Acc), Dip FinServ (Fin Plan)
Experience and expertise:	A founding Director of CDFS, Malcolm is a Certified Practicing Accountant and Manager at R J Sanderson & Associates in Cranbourne. He has extensive experience in all areas of public accounting, with expertise in taxation advice and planning, business structuring and development, self-managed super and general management advice. Malcolm is the Chair of CSV Ltd (Casey, Clyde and Balcombe Grammar schools) and a past President of the Rotary Club of Cranbourne and is Founding Chairman of Who Cares? We Do, a charity which provides free services to the homeless and disadvantaged in Cranbourne.
Special responsibilities:	Chair, Member of Audit and Finance Committee

Mrs Christine Swanson

Title:	Non-executive director
Experience and expertise:	Christine is a founding Director of CDFS and was on the steering committee at inception. She has been an active member of the various board committees including: Sponsorship, Marketing, HR, New Sites Development and Extra Time. Christine is Chair of the board's community engagement/sponsorship committee and a member of the HR committee. Christine also assists with community and charity organisations, including volunteer work for some Neighbourhood Centres, helping and distributing food to the needy, and also various Pet Rescue Centres. Christine has a background in Residential Building and Shopping Centre Management and Development.
Special responsibilities:	Deputy Chair, Chair of Community Engagement Committee, Member of HR Committee

Mr Gary Landy

Title:	Non-executive director
Qualifications:	Master of Public Policy and Admin., Grad. Dip. Public Admin., Cert. of Business
Experience and expertise:	Gary brings business, leadership and community skills and experience to the Board. He had an extensive career in the Victoria Police for many years and has been awarded the Victoria Police Service Medal, a National Media, and Vietnam Service Awards. Gary has also worked for Frankston City Council, the Department of Justice, is a small business owner and was chair of the Sandhurst Residents Committee. He is a member of the HR and Community Engagement committees and lives in the local Sandhurst community.
Special responsibilities:	Chair of Marketing committee, Member of HR Committee and Community Engagement Committee

Directors (continued)

Hon Ken Smith AM

Title:	Non-executive director
Experience and expertise:	Ken brings a range of leadership and business skills to the board, as well as community relationships. Ken was formerly a member of the Victorian Parliament's Legislative Assembly, and the Speaker of the House. He has been a councillor for Hastings Council and was Founding Director and Chairman of the Independent News Group. He is a former President of the Australia China Business Council (Vic), and a member of the Sandhurst community. Ken is Chair of the HR committee and a member of the Community Engagement committee. Ken became a Member of the Order of Australia on Australia Day 2018.
Special responsibilities:	Chair of HR Committee, Member of Community Engagement Committee

Mr Jason Pater

Title:	Non-executive director
Qualifications:	FCA, B.Comm, Dip FinServ (Fin Plan), FGIA
Experience and expertise:	Jason was one of the founding Directors of CDFS in 1999. He is a Chartered Accountant (Fellow) having starting his career with Pricewaterhouse Coopers, Jason has been working with small businesses and not-for-profits for over 30 years. Jason is the CEO of the Payton Foundation and is actively involved in the Board's Audit and Finance Committee.
Special responsibilities:	Treasurer and Chair of Audit and Finance Committee

No directors have material interest in contracts or proposed contracts with the company.

Company secretary

The company secretary is Ms Emily Wiltshire. Emily was appointed to the position of company secretary on 31 August 2020.

Experience and expertise:	Emily was appointed to the role of Company Secretary at CDFS in August 2020. She has 17 years of company secretarial and governance experience, largely in private practice where she has assisted a range of private and public companies to manage their compliance obligations. In addition to her role at CDFS, Emily also serves as Company Secretary for the Australian Physiotherapy Council Ltd. She holds a Bachelor of Arts, a Bachelor of Science, and a Graduate Diploma in Applied Corporate Governance.

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 $344,347 (30 June 2023: $667,129).

Operations have continued to perform in line with expectations.

Dividends

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

	2024 $	2023 $
Fully franked dividend of 28 cents per share (2023: 10 cents)	**96,743**	**34,551**

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

Since the end of the financial year the board signed a new franchise agreement. The new franchise agreement is effective from October 2024.

No other 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 meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Board		Committee Meeting	
	Eligible	Attended	Eligible	Attended
Mr Lindsay (Malcolm) Wells	11	11	2	2
Mrs Christine Swanson	11	11	8	8
Mr Gary Landy	11	11	8	8
Hon Ken Smith AM	11	10	8	8
Mr Jason Pater	11	11	2	2

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in notes 23 and 24 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Mr Lindsay (Malcolm) Wells	23,251	-	23,251
Mrs Christine Swanson	3,002	-	3,002
Mr Gary Landy	-	-	-
Hon Ken Smith AM	-	-	-
Mr Jason Pater	3,701	-	3,701

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 for audit and non-audit services provided during the year are set out in note 25 to the accounts.

Non-audit services (continued)

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:

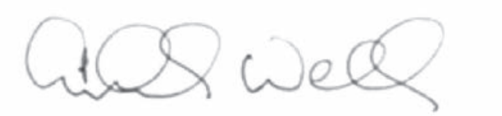
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional 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



Lindsay (Malcolm) Wells
Chair

22 October 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 Carrum Downs Financial Services Limited

As lead auditor for the audit of Carrum Downs Financial Services Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 October 2024

Jessica Ritchie
Lead Auditor

Financial statements

Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	6	2,844,885	3,034,408
Other revenue		-	10,000
Finance revenue	7	88,601	37,001
Total revenue		**2,933,486**	**3,081,409**
Employee benefits expense	8	(1,364,373)	(1,107,945)
Advertising and marketing costs		(19,937)	(12,470)
Occupancy and associated costs		(48,038)	(44,298)
System costs		(95,797)	(88,495)
Depreciation and amortisation expense	8	(249,816)	(222,584)
Loss on disposal of assets		(103,921)	-
Finance costs	8	(66,484)	(39,330)
General administration expenses		(212,656)	(181,798)
Total expenses before community contributions and income tax		**(2,161,022)**	**(1,696,920)**
Profit before community contributions and income tax		772,464	1,384,489
Charitable donations and sponsorships expense		(313,684)	(494,921)
Profit before income tax expense		**458,780**	**889,568**
Income tax expense	9	(114,433)	(222,439)
Profit after income tax expense for the year		**344,347**	**667,129**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**344,347**	**667,129**
		Cents	**Cents**
Basic earnings per share	27	99.66	193.09
Diluted earnings per share	27	99.66	193.09

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

Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	2,198,275	1,820,931
Trade and other receivables	11	291,159	307,379
Total current assets		**2,489,434**	**2,128,310**
Non-current assets			
Property, plant and equipment	12	327,968	262,619
Right-of-use assets	13	1,311,704	990,277
Intangible assets	14	7,160	33,297
Deferred tax assets	9	84,617	80,899
Total non-current assets		**1,731,449**	**1,367,092**
Total assets		**4,220,883**	**3,495,402**
Liabilities			
Current liabilities			
Trade and other payables	15	389,085	259,995
Lease liabilities	16	212,210	150,934
Current tax liabilities	9	89,505	209,279
Employee benefits	17	284,527	251,658
Total current liabilities		**975,327**	**871,866**
Non-current liabilities			
Lease liabilities	16	1,177,348	874,793
Employee benefits	17	2,437	2,112
Provisions	18	106,231	34,695
Total non-current liabilities		**1,286,016**	**911,600**
Total liabilities		**2,261,343**	**1,783,466**
Net assets		**1,959,540**	**1,711,936**
Equity			
Issued capital	19	3,215	3,215
Retained earnings		1,956,325	1,708,721
Total equity		**1,959,540**	**1,711,936**

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

Statement of changes in equity
For the year ended 30 June 2024

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		**3,215**	**1,076,143**	**1,079,358**
Profit after income tax expense		-	667,129	667,129
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**667,129**	**667,129**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	21	-	(34,551)	(34,551)
Balance at 30 June 2023		**3,215**	**1,708,721**	**1,711,936**
Balance at 1 July 2023		**3,215**	**1,708,721**	**1,711,936**
Profit after income tax expense		-	344,347	344,347
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		**-**	**344,347**	**344,347**
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	21	-	(96,743)	(96,743)
Balance at 30 June 2024		**3,215**	**1,956,325**	**1,959,540**

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

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)		3,153,547	3,251,154
Payments to suppliers and employees (inclusive of GST)		(2,067,528)	(2,111,532)
Interest received		78,368	22,491
Income taxes paid		(237,925)	(55,933)
Net cash provided by operating activities	**26**	**926,462**	**1,106,180**
Cash flows from investing activities			
Payments for property, plant and equipment		(209,536)	-
Payments for intangible assets		(27,896)	(27,896)
Net cash used in investing activities		**(237,432)**	**(27,896)**
Cash flows from financing activities			
Interest and other finance costs paid		(64,436)	(37,026)
Dividends paid	21	(96,743)	(34,551)
Repayment of lease liabilities		(150,507)	(168,217)
Net cash used in financing activities		**(311,686)**	**(239,794)**
Net increase in cash and cash equivalents		377,344	838,490
Cash and cash equivalents at the beginning of the financial year		1,820,931	982,441
Cash and cash equivalents at the end of the financial year	**10**	**2,198,275**	**1,820,931**

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

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Reporting entity

The financial statements cover Carrum Downs Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 3/100 Hall Road, Carrum Downs Regional Shopping Centre, Carrum Downs VIC 3201.

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 22 October 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 financial assets

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

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

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.

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

Lease term

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

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

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability 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 assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

Incremental borrowing rate

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

Employee benefits provision

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

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

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Lease make good provision

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

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 franchise agreement expires in October 2024 and subsequent to year end a new franchise agreement was executed, which will expire in October 2029.

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

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

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

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

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.

Note 6. Revenue from contracts with customers

	2024 $	2023 $
Margin income	2,475,713	2,668,062
Fee income	188,858	185,158
Commission income	180,314	181,188
	2,844,885	**3,034,408**

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.

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.

Note 6. Revenue from contracts with customers (continued)

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

Margin income on 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 7. Finance revenue

	2024 $	2023 $
Interest revenue	**88,601**	**37,001**

Finance income is recognised when earned using the effective interest rate method.

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	1,053,227	921,085
Superannuation contributions	126,166	95,831
Expenses related to long service leave	25,606	17,872
Other expenses	159,374	73,157
	1,364,373	**1,107,945**

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	**39,993**	**36,201**

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	31,180	8,844
Plant and equipment	9,086	9,449
	40,266	**18,293**
Depreciation of right-of-use assets		
Leased land and buildings	**183,413**	**178,156**
Amortisation of intangible assets		
Franchise fee	4,356	4,356
Franchise renewal fee	21,781	21,779
	26,137	**26,135**
	249,816	**222,584**

Finance costs

	2024 $	2023 $
Lease interest expense	64,437	37,026
Unwinding of make-good provision	2,047	2,304
	66,484	**39,330**

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	118,413	235,804
Movement in deferred tax	(3,718)	(13,412)
Under/over adjustment	(262)	47
Aggregate income tax expense	**114,433**	**222,439**
Prima facie income tax reconciliation		
Profit before income tax expense	**458,780**	**889,568**
Tax at the statutory tax rate of 25%	114,695	222,392
Under/over adjustment	(262)	47
Income tax expense	**114,433**	**222,439**

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	(33,596)	(2,621)
Employee benefits	71,741	63,442
Lease liabilities	347,390	256,432
Provision for lease make good	7,370	8,674
Provisions	19,188	-
Accrued expenses	450	1,619
Right-of-use assets	(327,926)	(246,647)
Deferred tax asset	**84,617**	**80,899**

	2024 $	2023 $
Provision for income tax	**89,505**	**209,279**

Accounting policy for income tax

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

Accounting policy for current tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Accounting policy for deferred tax

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

Note 10. Cash and cash equivalents

	2024 $	2023 $
Cash on hand	309	189
Cash at bank	2,197,966	1,820,742
	2,198,275	**1,820,931**

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	235,343	261,725
Security Deposit	25,000	25,000
	260,343	**286,725**
Accrued income	24,743	14,510
Prepayments	6,073	6,144
	30,816	**20,654**
	291,159	**307,379**

Accounting policy for trade and other receivables

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

Note 12. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	243,224	331,657
Less: Accumulated depreciation	(61,199)	(94,815)
	182,025	**236,842**
Plant and equipment - at cost	170,820	135,018
Less: Accumulated depreciation	(24,877)	(109,241)
	145,943	**25,777**
	327,968	**262,619**

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 $	Total $
Balance at 1 July 2022	245,686	35,226	280,912
Depreciation	(8,844)	(9,449)	(18,293)
Balance at 30 June 2023	**236,842**	**25,777**	**262,619**
Additions	69,110	140,426	209,536
Disposals	(92,747)	(11,174)	(103,921)
Depreciation	(31,180)	(9,086)	(40,266)
Balance at 30 June 2024	**182,025**	**145,943**	**327,968**

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	10 years
Plant and equipment	10 years

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

Note 12. Property, plant and equipment (continued)

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.

Changes in Estimates

During the financial year, the company assessed estimates used for property, plants and equipment including useful lives, residual values, and depreciation methods.

The company's review of estimates resulted in changes in the useful life of the Marriot Waters Branch leasehold improvements. The useful life had previously been assessed as 40 years at June 2013. This is now expected to be fully depreciated during the year ended 30 June 2031. The effect of these changes on actual and expected depreciation expense as follows:

	2024 $	2025 $	2026 $	2027 $	2028+ $
(Decrease) increase in depreciation expense	13,058	13,058	13,058	13,058	(52,232)

Note 13. Right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	2,146,418	1,646,192
Less: Accumulated depreciation	(834,714)	(655,915)
	1,311,704	**990,277**

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	296,194
Remeasurement adjustments	872,239
Depreciation expense	(178,156)
Balance at 30 June 2023	**990,277**
Remeasurement adjustments	504,840
Depreciation expense	(183,413)
Balance at 30 June 2024	**1,311,704**

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 16 for more information on lease arrangements.

Note 14. Intangible assets

	2024 $	2023 $
Franchise fee	21,780	21,780
Less: Accumulated amortisation	(20,587)	(16,231)
	1,193	**5,549**
Franchise renewal fee	108,900	108,900
Less: Accumulated amortisation	(102,933)	(81,152)
	5,967	**27,748**
	7,160	**33,297**

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 30 June 2021	9,905	49,527	59,432
Amortisation expense	(4,356)	(21,779)	(26,135)
Balance at 30 June 2023	**5,549**	**27,748**	**33,297**
Amortisation expense	(4,356)	(21,781)	(26,137)
Balance at 30 June 2024	**1,193**	**5,967**	**7,160**

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	October 2024
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	October 2024

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

Note 15. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	240,227	6,375
Other payables and accruals	148,858	253,620
	389,085	**259,995**

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	389,085	259,995
Less GST payable to the ATO, included in trade and other payables	(57,011)	(94,146)
	332,074	**165,849**

Note 16. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	**212,210**	**150,934**
Non-current liabilities		
Land and buildings lease liabilities	**1,177,348**	**874,793**

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	1,025,727	307,917
Remeasurement adjustments	514,337	886,027
Lease interest expense	64,437	37,026
Lease payments - total cash outflow	(214,943)	(205,243)
	1,389,558	**1,025,727**

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
Carrum Downs branch	7.50%	5 years	1 x 5 years	Yes	November 2029
Marriot Waters agency	6.75%	6 years 11 months	1 x 5 years	Yes	December 2034

Remeasurement adjustments

During the financial year the Carrum Downs branch lease was extended to include the renewal option of 1 x 5 years. As such an adjustment was required for the remeasurement of the lease liability and right-of-use asset.

Note 17. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	148,502	136,119
Long service leave	136,025	115,539
	284,527	**251,658**
Non-current liabilities		
Long service leave	**2,437**	**2,112**

Note 17. Employee benefits (continued)

Accounting policy for short-term employee benefits

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

Accounting policy for other long-term employee benefits

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

Note 18. Provisions

	2024 $	2023 $
Lease make good provision	29,480	34,695
ATM site license fee	76,751	-
	106,231	**34,695**

In accordance with the branch lease agreements, the company must restore the leased premises to their original condition before the expiry of the lease term. The company has estimated the provision based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The leases are due to expire per below at which time it is expected the face-value costs to restore the premises will fall due.

Lease	Lease term expiry date per AASB 16	Estimated provisions
Carrum Downs branch	November 2029	$25,000
Marriot Waters agency	December 2034	$25,000

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	345,510	345,510	345,510	345,510
Less: Return of capital (2019)	-	-	(86,377)	(86,377)
Less: Return of capital (2020)	-	-	(86,378)	(86,378)
Less: Return of capital (2021)	-	-	(86,378)	(86,378)
Less: Return of capital (2022)	-	-	(83,162)	(83,162)
	345,510	**345,510**	**3,215**	**3,215**

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 19. 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.

Dividends

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

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

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

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

Note 20. Capital management (continued)

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

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

Note 21. Dividends

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 $
Fully franked dividend of 28 cents per share (2023: 10 cents)	**96,743**	**34,551**

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	563,909	519,494
Franking credits (debits) arising from income taxes paid (refunded)	237,925	55,932
Franking debits from the payment of franked distributions	(32,248)	(11,517)
	769,586	**563,909**
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	769,586	563,909
Franking credits (debits) that will arise from payment (refund) of income tax	89,505	209,279
Franking credits available for future reporting periods	**859,091**	**773,188**

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

Accounting policy for dividends

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

Note 22. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments 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 A- 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.
- The company has no borrowings.

Note 22. Financial risk management (continued)

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

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 11) excluding prepayments	260,086	276,235
Cash and cash equivalents (note 10)	2,198,275	1,820,931
	2,458,361	**2,097,166**
Financial liabilities at amortised cost		
Trade and other payables (note 15)	332,074	165,849
Lease liabilities (note 16)	1,389,558	1,025,727
	1,721,632	**1,191,576**

Accounting policy for financial instruments

Financial assets

Classification

The company measures its financial assets at amortised cost.

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

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company measures its financial liabilities at amortised cost.

The company's financials liabilities measured at amortised cost comprise of trade and payables and lease liabilities.

Derecognition

A financial liability is derecognised then 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 $2,198,275 at 30 June 2024 (2023: $1,820,931).

Price risk

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

Liquidity risk

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

Note 22. Financial risk management (continued)

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 $
Trade and other payables	332,074	-	-	332,074
Lease liabilities	219,125	908,439	715,378	1,842,942
Total non-derivatives	**551,199**	**908,439**	**715,378**	**2,175,016**

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	165,849	-	-	165,849
Lease liabilities	214,030	451,813	776,330	1,442,173
Total non-derivatives	**379,879**	**451,813**	**776,330**	**1,608,022**

Note 23. Key management personnel disclosures

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

Mr Lindsay (Malcolm) Wells
Mrs Christine Swanson
Mr Gary Landy
Hon Ken Smith AM
Mr Jason Pater

Compensation

Key management personnel compensation comprised the following.

	2024 $	2023 $
Short-term employee benefits	96,252	73,750
Post-employment benefits	10,588	7,375
	106,840	**81,125**

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

Note 24. Related party transactions

Key management personnel

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

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.

Note 24. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024 $	2023 $
A director is the CEO of Payton Foundation. The company made donations to Payton Foundation.	270,000	436,040
The company used the bookkeeping/accounting services of a company controlled by one of the directors.	27,280	24,800
A family member of a director is engaged on a fortnightly basis for gardening services.	-	1,560
The company used the accounting services of entities connected to one of its directors for tax returns, payroll processing and other related accounting services.	1,980	4,675

Note 25. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements - Andrew Frewin Stewart	**10,550**	**10,000**
Other services		
General advisory services	3,210	2,600
Share registry services	-	1,132
	3,210	**3,732**

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

	2024 $	2023 $
Profit after income tax expense for the year	344,347	667,129
Adjustments for:		
Depreciation and amortisation	249,816	222,584
Net loss on disposal of non-current assets	103,921	-
Lease liabilities interest	64,436	37,026
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	16,220	(113,165)
Increase in deferred tax assets	(3,718)	(14,705)
Increase in trade and other payables	159,183	78,638
Increase/(decrease) in provision for income tax	(119,774)	181,211
Increase in employee benefits	33,194	45,158
Increase in other provisions	78,837	2,304
Net cash provided by operating activities	**926,462**	**1,106,180**

Note 27. Earnings per share

	2024 $	2023 $
Profit after income tax	**344,347**	**667,129**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	345,510	345,510
Weighted average number of ordinary shares used in calculating diluted earnings per share	**345,510**	**345,510**

	Cents	Cents
Basic earnings per share	99.66	193.09
Diluted earnings per share	99.66	193.09

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

Since the end of the financial year the board signed a new franchise agreement. The new franchise agreement is effective from October 2024.

No other 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

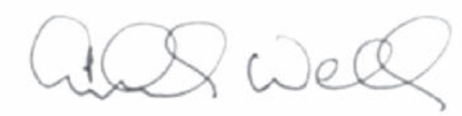
For the financial year ended 30 June 2024

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



Lindsay (Malcolm) Wells
Chair

22 October 2024

Independent audit report

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

Independent auditor's report to the Directors of Carrum Downs Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Carrum Downs Financial Services Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Carrum Downs Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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: 22 October 2024

Jessica Ritchie
Lead Auditor

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