Annual Report 2024

Hawkesbury Community Financial Services Limited

Community Bank
North Richmond and Richmond

ABN 97 099 838 463

Rowan Parker
Chairman's Report

As your Chairman, I am excited to share that your company has achieved outstanding success for the financial year ending June 2024. The sustained difference in interest rates, compared to the years prior has provided us with a very strong return.

As such, this year's profit (after income tax expenses) is $744,185 which is a decrease from $787,396 in the year prior.

Throughout the year, we've contributed more than $360,000 in financial support to the Hawkesbury community. These funds have been provided to the usual collection of sports, environmental, educational, social and arts groups that we have historically supported.

In addition to this, we have also entered into a multi-year agreement with *The Women's Cottage and Hawkesbury Community Outreach Services* to fund the **RIV Project: R**educing **I**ntergenerational **V**iolence and Increasing Safety.

This project will deliver the evidence-based Love Bites program and provide in-school support programs with high school students to increase understanding and capacity for safe, healthy and respectful relationships.

HCFSL will provide seed funding for the first few years of this ambitious 10-year project. Your board sees this as an opportunity to help make a long-term, multi-generational contribution to domestic violence reduction in Hawkesbury.

I would encourage all shareholders to attend this year's annual general meeting to find out more information about the project.

Lastly, as always, I would like to thank both our staff and directors for their contribution to our success. It is our staff that continue to provide exceptional customer service, retaining business and growing our customer base.

All our directors generously volunteer their time to ensure your company is effectively governed.

Sincerely

Rowan Parker
Chairman
Hawkesbury Community Financial Services Limited

Rowan Parker
Chairman

Manager's Report

Tony Weller

It's a pleasure to say that we have had another successful year in growing the business and the financial returns this entails. After the Covid period we have seen interest rates return and stay at more normal levels which sees our deposit customers getting higher financial returns for their investments. Naturally our borrowers have been placed under higher financial pressure due to these same interest rate increases, and we have assisted them whenever possible with the best rates we can.

Whilst I mentioned the growth of the business this was seen in deposit products with overall growth of over $25 million whilst our lending book reduced by only a small amount of just over $161,000. The deposits continue to be a large driver of revenue for the business, and we are actively trying to write additional lending business to also grow this. The main issue with lending growth is the higher interest rates and high competition from other financial institutions to retain their customers.

We continue to support the local community organisations who provide much needed services and support to our local area, and this has increased due to the higher revenue and profitability of Hawkesbury Community Financial Services Ltd. This is something the staff and I are very proud of and what drives us to continue to service the needs of our customers. The below table shows the amount and categories we have assisted with.

Contribution Totals by Sector	
Sports & Recreation	$110,773
Health & Wellbeing	$ 57,860
Environment & Animal Welfare	$ 0
Emergency Services & Support	$ 16,184
Education & Research	$ 91,306
Community Facilities & Infrastructure	$ 34,670
Arts, Culture & Heritage	$ 49,463
Total	$ 360,256

I would like to thank all the staff who have contributed to the great year we had and what they do every day to assist our customers and the community. In addition I must thank our supportive volunteer Board of Directors.

Tony Weller

Branch Manager

Hawkesbury Community Financial Services Limited

ABN 97 099 838 463

Financial Report - 30 June 2024

Hawkesbury Community Financial Services Limited
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:	Rowan Parker
Title:	Non-executive director
Experience and expertise:	Rowan has a background in software engineering and business systems. Chairman of Hawkesbury Community Financial Services Limited, member of the Audit, Social Media/PR and Scholarship committees.
Special responsibilities:	Chairman, member of Audit, Scholarship and PR/Social Media Committees.

Name:	Shayne Michael Ryan
Title:	Non-executive director
Experience and expertise:	Shayne has 20 Years experience in general management. Non-executive Director and Chairman of the Premises Committee and Scholarship Committee and Member of the Community Relations Committee and HR Committee.
Special responsibilities:	Chair of the Premises and Scholarships Committees, member of the Community Relations Committee

Name:	David Anthony Palamara
Title:	Non-executive director
Experience and expertise:	David is a Business Management Consultant and Coach. Senior finance and general management roles of medium sized businesses. Currently providing business management advice as a consultant to similar sized businesses. Bbus (Accounting), CPA.
Special responsibilities:	Treasurer, member of the Community Relations and Audit Committees.

Name:	Monica Maria Tatton
Title:	Non-executive director
Experience and expertise:	Monica is a Financial Planner. 20yrs experience working in Taxation and Business Services, including 14yrs owning and managing a Chartered Accounting Firm. Additional trained as a Financial Adviser and incorporating a Financial Planning business into our existing Chartered firm.
Special responsibilities:	Chair of the Audit Committee, member of the Community Relations Committee

Name:	Jane Louise Tweedy
Title:	Non-executive director
Experience and expertise:	Jane lives Hawkesbury adjacent in Cranebrook. She has involvement in the Hawkesbury area through small business connections, and has previously provided business and employment programs to Hawkesbury City Council. Jane is a small business advisor, coach and trainer through her own businesses. She has multiple qualifications, up to a Masters in Applied Finance and worked for nearly 20 years in corporate areas including banking and investments.
Special responsibilities:	Chair HR, PR/Social Media committees

Name:	Gabriela Alejandra Rodriguez D'Andrea
Title:	Non-executive director (resigned 30 July 2023)
Experience and expertise:	Currently studying Bachelor of Applied Finance and Bachelor of Commerce - Professional Accounting. Entry level Assistant Accountant position since October 2020.
Special responsibilities:	Deputy Treasurer, member of the Community Relations and Audit Committees.

Name:	Kirsty Jane Martin
Title:	Non-executive director (appointed 24 June 2024)
Experience and expertise:	Kirsty has lived in the Hawkesbury her entire life and is now raising her family in the area. With both her husband and father running small businesses locally, she remains deeply connected to the community. Kirsty began her career in a local business in North Richmond, later transitioning into finance and eventually finding her niche in the payroll industry. After moving from payroll management to consulting with PwC, she now heads the customer team at a software company specialising in workforce compliance. Kirsty is passionate about helping businesses ensure they're paying employees correctly and staying compliant

Name:	Steven Mark Francis
Title:	Non-executive director (appointed 22 July 2024)
Experience and expertise:	Associate Diploma in Mechanical Engineering, Associate Diploma in Manufacturing Systems. Management Certificate Insead. General Manager, and Managing Director of Jord Bellows International. Director of JB Specialised Engineering. Director of Swimwest swimming Club including 6 years as President. Director of Swimming Metro North West, including 1 years as Treasurer. P&C Committee Groseview Primary School, including 2 years on the Spring Fair Committee

Company secretary
The company secretary is Wayne Joseph Simpson. Wayne was appointed to the position of company secretary on 15 February 2022.

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 $744,185 (30 June 2023: $787,396).

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 15 cents per share (2023: 13 cents)	93,751	81,251

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 directors meetings attended by each of the directors of the company during the financial year were:

	Board	
	Eligible	Attended
Rowan Parker	11	11
Shayne Michael Ryan	11	8
David Anthony Palamara	11	9
Monica Maria Tatton	11	9
Jane Louise Tweedy	11	10
Gabriela Alejandra Rodriguez D'Andrea	1	1
Kirsty Jane Martin	1	1

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 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
Rowan Parker	500	-	500
Shayne Michael Ryan	500	-	500
David Anthony Palamara	1,000	2,200	3,200
Monica Maria Tatton	-	-	-
Jane Louise Tweedy	-	-	-
Gabriela Alejandra Rodriguez D'Andrea	-	-	-
Kirsty Jane Martin	-	-	-

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 manager 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*.

Hawkesbury Community Financial Services Limited
Directors' report
30 June 2024

Indemnity and insurance of auditor
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.

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

Rowan Parker
Chairman

11 October 2024

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 Hawkesbury Community Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 11 October 2024

Jessica Ritchie
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

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

	Note	2024 $	2023 $
Revenue from contracts with customers	7	2,830,086	2,916,841
Other revenue		-	10,000
Finance revenue		71,272	12,592
Total revenue		2,901,358	2,939,433
Employee benefits expense	8	(1,173,195)	(919,837)
Advertising and marketing costs		(20,794)	(12,145)
Occupancy and associated costs		(66,147)	(62,539)
System costs		(46,083)	(46,514)
Depreciation and amortisation expense	8	(111,144)	(91,065)
Finance costs	8	(11,828)	(13,210)
General administration expenses		(142,264)	(161,640)
Total expenses before community contributions and income tax expense		(1,571,455)	(1,306,950)
Profit before community contributions and income tax expense		1,329,903	1,632,483
Charitable donations, sponsorships and grants expense	8	(341,594)	(582,622)
Profit before income tax expense		988,309	1,049,861
Income tax expense	9	(244,124)	(262,465)
Profit after income tax expense for the year		744,185	787,396
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		744,185	787,396
		Cents	**Cents**
Basic earnings per share	28	119.07	125.98
Diluted earnings per share	28	119.07	125.98

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

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

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	582,892	1,110,168
Trade and other receivables	11	252,052	276,403
Investments	12	2,874,712	1,624,712
Total current assets		3,709,656	3,011,283
Non-current assets			
Property, plant and equipment	13	705,455	726,424
Right-of-use assets	14	248,143	230,376
Intangible assets	15	85,062	125,358
Total non-current assets		1,038,660	1,082,158
Total assets		4,748,316	4,093,441
Liabilities			
Current liabilities			
Trade and other payables	16	106,931	80,708
Lease liabilities	17	69,921	43,813
Current tax liabilities	9	215,230	232,921
Employee benefits	18	181,241	162,760
Total current liabilities		573,323	520,202
Non-current liabilities			
Trade and other payables	16	59,095	88,644
Lease liabilities	17	216,322	229,575
Deferred tax liabilities	9	65,895	68,459
Employee benefits	18	12,730	16,044
Total non-current liabilities		354,042	402,722
Total liabilities		927,365	922,924
Net assets		3,820,951	3,170,517
Equity			
Issued capital	19	625,009	625,009
Reserves		362,059	362,059
Retained earnings		2,833,883	2,183,449
Total equity		3,820,951	3,170,517

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

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

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2022		625,009	362,059	1,477,304	2,464,372
Profit after income tax expense		-	-	787,396	787,396
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	787,396	787,396
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	21	-	-	(81,251)	(81,251)
Balance at 30 June 2023		625,009	362,059	2,183,449	3,170,517

	Note	Issued capital $	Revaluation reserve $	Retained earnings $	Total equity $
Balance at 1 July 2023		625,009	362,059	2,183,449	3,170,517
Profit after income tax expense		-	-	744,185	744,185
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	744,185	744,185
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	21	-	-	(93,751)	(93,751)
Balance at 30 June 2024		625,009	362,059	2,833,883	3,820,951

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

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

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		3,141,458	3,119,981
Payments to suppliers and employees (inclusive of GST)		(2,038,850)	(2,042,394)
Interest received		71,272	12,592
Income taxes paid		(264,379)	(11,587)
Net cash provided by operating activities	27	909,501	1,078,592
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(1,250,000)	(199,712)
Payments for intangible assets		(26,385)	(26,385)
Net cash used in investing activities		(1,276,385)	(226,097)
Cash flows from financing activities			
Interest and other finance costs paid		(11,828)	(13,210)
Dividends paid	21	(93,751)	(81,251)
Repayment of lease liabilities		(54,813)	(41,556)
Net cash used in financing activities		(160,392)	(136,017)
Net increase/(decrease) in cash and cash equivalents		(527,276)	716,478
Cash and cash equivalents at the beginning of the financial year		1,110,168	393,690
Cash and cash equivalents at the end of the financial year	10	582,892	1,110,168

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

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 7 & 8, 36-38 Riverview Street, North Richmond NSW 2754.

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 11 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)

Investments
Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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

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

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

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

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

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

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.

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

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.

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.

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 September 2027.

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

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

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

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

Note 5. Economic dependency (continued)

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

Note 6. Change to comparative figures

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

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

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

- Cash and cash equivalents decreased and investments increased by $1,624,712 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	2,678,859	2,752,317
Fee income	105,054	116,580
Commission income	46,173	47,944
	2,830,086	2,916,841

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.

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

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

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

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

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

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

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	1,002,028	777,287
Non-cash benefits	7,370	3,597
Superannuation contributions	122,989	95,966
Expenses related to long service leave	15,167	15,193
Other expenses	25,641	27,794
	1,173,195	919,837

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Buildings	6,324	6,038
Leasehold improvements	5,682	5,667
Plant and equipment	5,151	5,211
Motor vehicles	3,812	5,015
	20,969	21,931
Depreciation of right-of-use assets		
Leased land and buildings	49,879	44,589
Amortisation of intangible assets		
Franchise fee	6,718	2,412
Franchise renewal fee	33,578	22,133
	40,296	24,545
	111,144	91,065

Finance costs

	2024 $	2023 $
Lease interest expense	11,828	13,210

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

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	13,531	14,927

Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	310,015	282,622
Contribution to the Community Enterprise Foundation™	31,579	300,000
	341,594	582,622

Note 8. Expenses (continued)

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	249,664	266,056
Movement in deferred tax	(2,563)	(3,591)
Under/over adjustment	(2,977)	-
Aggregate income tax expense	244,124	262,465
Prima facie income tax reconciliation		
Profit before income tax expense	988,309	1,049,861
Tax at the statutory tax rate of 25%	247,077	262,465
Tax effect of:		
Non-deductible expenses	24	-
	247,101	262,465
Under/over adjustment	(2,977)	-
Income tax expense	244,124	262,465

	2024 $	2023 $
Deferred tax liabilities		
Property, plant and equipment	123,425	123,425
Income accruals	2,325	2,326
Right-of-use assets	62,036	57,594
Lease liabilities	(71,561)	(68,347)
Employee benefits	(48,493)	(44,701)
Accrued expenses	(1,837)	(1,838)
Deferred tax liability	65,895	68,459

	2024 $	2023 $
Provision for income tax	215,230	232,921

Note 9. 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 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	1,000	1,000
Cash at bank and on hand	581,892	1,109,168
	582,892	1,110,168

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	240,564	266,397
Prepayments	11,488	10,006
	252,052	276,403

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

Note 12. Investments

	2024 $	2023 $
Current assets		
Term deposits	2,874,712	1,624,712

Note 13. Property, plant and equipment

	2024 $	2023 $
Land - at fair value	463,490	463,490
Buildings - at fair value	241,537	241,537
Less: Accumulated depreciation	(37,389)	(31,065)
	204,148	210,472
Leasehold improvements - at cost	56,667	56,667
Less: Accumulated depreciation	(47,110)	(41,428)
	9,557	15,239
Plant and equipment - at cost	156,057	156,057
Less: Accumulated depreciation	(147,648)	(142,497)
	8,409	13,560
Motor vehicles - at cost	36,605	36,605
Less: Accumulated depreciation	(16,754)	(12,942)
	19,851	23,663
	705,455	726,424

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

	Land $	Buildings $	Leasehold improvements $	Plant and equipment $	Motor vehicles $	Total $
Balance at 1 July 2022	463,490	216,510	20,906	18,771	28,678	748,355
Depreciation	-	(6,038)	(5,667)	(5,211)	(5,015)	(21,931)
Balance at 30 June 2023	463,490	210,472	15,239	13,560	23,663	726,424
Depreciation	-	(6,324)	(5,682)	(5,151)	(3,812)	(20,969)
Balance at 30 June 2024	463,490	204,148	9,557	8,409	19,851	705,455

Fair value
The fair value of land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's investment property portfolio every 3 to 5 years.

The company's North Richmond property was independently valued effective 23 June 2022 by Lynette Savage Valuations.

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:

Building	40 years
Leasehold improvements	10 years
Plant and equipment	1 to 10 years
Motor vehicles	7 to 8 years

Note 13. Property, plant and equipment (continued)

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 14. Right-of-use assets

	2024 **$**	**2023** **$**
Land and buildings - right-of-use	486,266	418,620
Less: Accumulated depreciation	(238,123)	(188,244)
	248,143	230,376

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	274,965
Depreciation expense	(44,589)
Balance at 30 June 2023	230,376
Remeasurement adjustments	67,646
Depreciation expense	(49,879)
Balance at 30 June 2024	248,143

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 $	2023 $
Franchise fee	44,421	44,421
Less: Accumulated amortisation	(30,244)	(23,526)
	14,177	20,895
Franchise renewal fee	211,092	211,093
Less: Accumulated amortisation	(140,207)	(106,630)
	70,885	104,463
	85,062	125,358

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	922	14,671	15,593
Additions	22,385	111,925	134,310
Amortisation expense	(2,412)	(22,133)	(24,545)
Balance at 30 June 2023	20,895	104,463	125,358
Amortisation expense	(6,718)	(33,578)	(40,296)
Balance at 30 June 2024	14,177	70,885	85,062

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)	September 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2027

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

Note 16. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	29,545	29,548
Other payables and accruals	77,386	51,160
	106,931	80,708
Non-current liabilities		
Other payables and accruals	59,095	88,644

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	166,026	169,352
Less GST Payable to the ATO including trade and other payables	(39,160)	(30,669)
	126,866	138,683

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	69,921	43,813
Non-current liabilities		
Land and buildings lease liabilities	216,322	229,575

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	273,388	314,944
Remeasurement adjustments	67,668	-
Lease interest expense	11,828	13,210
Lease payments - total cash outflow	(66,641)	(54,766)
	286,243	273,388

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.

Note 17. Lease liabilities (continued)

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise option	Lease term end date used in calculation
Richmond Branch	4.46%	5 years	1 x 5 years	Yes	31 August 2028

Note 18. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	57,292	57,292
Long service leave	123,949	105,468
	181,241	162,760
Non-current liabilities		
Long service leave	12,730	16,044

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

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

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

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	625,009	625,009	625,009	625,009

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
<u>Voting rights</u>
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").
- 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 180. As at the date of this report, the company had 207 shareholders (2023: 207 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 20. Capital management

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

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

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

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

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

Note 21. Dividends

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 15 cents per share (2023: 13 cents)	93,751	81,251

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	681,493	696,989
Franking credits (debits) arising from income taxes paid (refunded)	264,379	11,588
Franking debits from the payment of franked distributions	(31,250)	(27,084)
	914,622	681,493
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	914,622	681,493
Franking credits (debits) that will arise from payment (refund) of income tax	215,230	232,921
Franking credits available for future reporting periods	1,129,852	914,414

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.

Note 22. Financial risk management (continued)

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.

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	240,564	266,397
Cash and cash equivalents excluding prepayments note 10	582,892	1,110,168
Investments note 12	2,874,712	1,624,712
	3,698,168	3,001,277
Financial liabilities at amortised cost		
Trade and other payables note 16	126,866	138,683
Lease liabilities note 17	286,243	273,388
	413,109	412,071

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

Accounting policy for financial instruments

Financial assets

Classification
The company measures its financial assets at amortised cost.

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

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

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

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

Note 22. Financial risk management (continued)

Financial liabilities

Classification
The company measures 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 $582,892 and investments of $2,874,712 at 30 June 2024 (2023: $1,110,168 and $1,624,712).

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

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

The following are the 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	67,771	59,095	-	126,866
Lease liabilities	71,344	241,810	-	313,154
Total non-derivatives	139,115	300,905	-	440,020

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	50,039	88,644	-	138,683
Lease liabilities	55,118	241,860	10,747	307,725
Total non-derivatives	105,157	330,504	10,747	446,408

Note 23. Fair value measurement

2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land	-	463,490	-	463,490
Buildings	-	241,537	-	241,537
Total assets	-	705,027	-	705,027

Note 23. Fair value measurement (continued)

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land	-	463,490	-	463,490
Buildings	-	239,640	-	239,640
Total assets	-	703,130	-	703,130

There were no transfers between levels during the financial year.

Note 24. Key management personnel disclosures

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

Rowan Parker
Shayne Michael Ryan
David Anthony Palamara
Monica Maria Tatton
Jane Louise Tweedy
Gabriela Alejandra Rodriguez D'Andrea
Kirsty Jane Martin
Steven Mark Francis

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

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

Note 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	7,650	6,400
Other services		
Taxation advice and tax compliance services	1,514	1,433
General advisory services	4,822	5,370
	6,336	6,803
	13,986	13,203

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	744,185	787,396
Adjustments for:		
Depreciation and amortisation	111,144	91,065
Lease liabilities interest	11,828	13,210
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	24,351	(98,174)
Decrease in income tax refund due	-	21,547
Increase in trade and other payables	23,081	19,024
Increase/(decrease) in provision for income tax	(17,691)	232,921
Decrease in deferred tax liabilities	(2,564)	(3,590)
Increase in employee benefits	15,167	15,193
Net cash provided by operating activities	909,501	1,078,592

Note 28. Earnings per share

	2024 $	2023 $
Profit after income tax	744,185	787,396

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	625,009	625,009
Weighted average number of ordinary shares used in calculating diluted earnings per share	625,009	625,009

	Cents	Cents
Basic earnings per share	119.07	125.98
Diluted earnings per share	119.07	125.98

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Hawkesbury Community Financial Services Limited, 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.

Hawkesbury Community Financial Services Limited
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

____
Rowan Parker
Chairman

11 October 2024

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 Hawkesbury Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

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

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

Basis for Opinion

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 11 October 2024

Jessica Ritchie
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Your local staff

Tony Weller- Branch Manager

Christine-Customer Relationship Manager

Gail-Customer Relationship Manager

Liz Griffiths SNR Customer Service Officer

Lisa-Customer Service Officer

Josephine – Customer Service Officer

Your local staff

Kristy – Customer Service Officer

Joanne – Customer Service Officer

Carmen-Customer Service Officer

Kellie- Community Engagement Advisor

Cindi – Customer Service Officer

Deb – Customer Service Officer

Your local staff

Sam Ishak – Mobile Relationship Manager

Welcome our newest staff member….

Dee Rothe – Customer Service Officer

Community Bank · North Richmond
Shop 7-8 Mc Nair Shopping Centre, 36 Riverview Street,
North Richmond NSW 2754
Phone: 0245 712988
Email: Northrichmondmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/north-richmond

Community Bank · Richmond
Shop 7-8 Richmond Mall , 271 Windsor Street,
Richmond NSW 2753
Phone: 0245 780055
Email: Richmondmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/richmond

Franchisee: Hawkesbury Community Financial Services Limited
ABN: 97 099 838 463
Shop 7-8 McNair Shopping Centre,
36 Riverview Street , North Richmond NSW 2754
Phone: 02 45712988
Email: Northrichmondmailbox@bendigoadelaide.com.au

Share Registry:
RSD Registry – Lead Advisory
PO Box 30, Bendigo, Victoria 3552
32 Garsed Street, Bendigo, Victoria 3550
Ph: 03 5445 4222 | Fax: 03 5444 4344
www.leadgroup.com.au | shares@rsdregistry.com.au

communitybanknorthrichmond

communitybanknthrichmond

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178, AFSL/Australian Credit Licence 237879 A1429506 OUT_41172261 25/10/2024