

Annual Report 2024

Mandurah Community Financial
Services Limited

Halls Head

ABN 56 098 081 308



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Chair of the Board Message

Dear Shareholder

I am pleased to present to you the 22nd Annual Report of Mandurah Community Financial Services Limited (MCFSL), known to you as Community Bank Halls Head.

This year marks 22 years since Community Bank Halls Head was opened at the original site at the Halls Head Shopping Centre back in April 2002 and it is now two years since the move to our current site. As part of the Community Bank commitment to give back to community, our company has continued to make a significant and ongoing contributions directly to our community by way of donations and sponsorships and the various partnerships we have had and continue to have with community groups both large and small here in Mandurah. As of the 30th June 2024 the Company's direct contributions to community amounted to \$2,003,665, together with \$311,900 in funds raised by community groups through their participation in our Community Bank raffles. Additionally, we have paid over \$971,991 in cash dividends to you, our shareholders.

All this means that our Company has over the 22-year period has provided a total of \$3,287,556 in direct contributions to community groups, together with the dividends paid to you the shareholders and indirectly with the funds raised by the Community Raffles.

For our Community Bank to be in the position to make these contributions to our community we depend on our highly professional staff to meet customers' banking needs. On behalf of the Board, I would like to acknowledge and massively thank all our branch staff lead by Adam Clarke our Branch Manager and the team of Jade Kelly, Joshua Gates, Michele Ivens, Jonna Murdoch, Lillian Willman, Nakita Giuffre, Larissa Cagney and Macie Ronan. It is your efforts and dedication in helping our customers with their banking and financial needs which makes all the difference. I would also like to acknowledge the continuing support of Paul Tribbeck, the Regional Manager of Bendigo Bank for his support for our Community Bank and our board, as always it is greatly appreciated.

In relation to Community Engagement, I once again would like to acknowledge the tremendous work undertaken by Jenny Hammington, our Board's Community Partnership Manager. Having been at a number of functions and events in which the Community Bank has been a sponsor or had some involvement with that I have noted how Jenny's work with the various groups is highly valued and acknowledged. Jenny is in many ways the public face in the Community engagement space. As always Jenny continues to be responsible for maintaining our relationships with our existing community partners and developing new partnership opportunities throughout the Mandurah Community. Her efforts in organizing and running the Community Raffles also must be acknowledged, so on behalf of the Board, thank you Jenny for your untiring work and dedication to the role, company and community which is, as always, greatly appreciated.

I would also like thank all my fellow directors, Deputy Chair Brett Hill, Andrew Brown, Adrian Pitsikas, Doug Savarese, Tim Williams, and Natasha Upcott for their hard work, support, and commitment over the past year.

Over the 2023/24 year we have had substantial net growth in the amount of business deemed domiciled at our Branch, up from \$245.3M on 30th June 2023 to over \$280.8M on 30th June 2024. This growth is a direct result of the efforts of Adam and all the team in growing our business over that period. On behalf of the Board once again a massive thanks to all the Staff.

In this year's audited result before tax, we recorded an operating profit of \$775,106, which compares to an operating profit of \$973,401 for 2022/23. You will note that these are after making significant contributions in Donations and Sponsorships of \$232,692 this year and \$116,165 last year.

The overall financial position of the Company remains strong, with cash reserves of over \$1.595M and a direct shareholding in Bendigo & Adelaide Bank Ltd of \$279K as of the 30th of June, with shareholder equity, your equity, at \$2.227M, equivalent to \$3.74 per share.

As Shareholders, you have also received a fully franked dividend of 30 cents per share last November, which was a significant increase on past years, but was an acknowledgement of the shareholder support of the preceding years and the profitable 2022/23 year. To the date of this report, that now means the company has paid a total \$971,991 in cash dividends, together with the associated imputation credits of \$322,795. This represents cash dividend payments of \$1.64 cents and imputation credits of 64 cents per issued share, an effective return of \$2.28 per share.

As you know, MCFSL is a Franchise of Bendigo and Adelaide Bank Limited. Our point of difference is as a Community Bank we continue to invest in our local community. We have continued to make contributions during these challenging times to various community groups and organizations.

As such, we made contributions to;

- Allambee Counselling Inc - Allambee Gnoonie Cup
- Anglican Parish – Repairs to Graveyard in Central Mandurah
- Design for Change
- Dudley Park Bowling Club
- Calvary Youth Services
- Curtin Uni GOSH - Great Southern Hack-a-thon
- Cycling without Age
- East Lake Church
- Elevation Church
- Falcon Seniors Rec Group
- Halls Head Bowling and Recreation Club
- Halls Head Cricket Club
- Halls Head Croquet
- John's Vision
- John Tonkin College, Dudley Park Primary School, Falcon Primary School, Halls Head Primary School, Ocean Road Primary School and Riverside Primary School in relation to student awards and other activities
- K9 Rescue Group
- Lakeside Community Garden
- Lions Club Falcon
- Mandurah City Football Club
- Mandurah Community Gardens
- Mandurah Community Development Inc – Yoh Fest
- Mandurah Men's Shed
- Mandurah Muscateers
- Mandurah Music Club
- Mandurah Mustangs
- Mandurah Plein Air Artists
- Mandurah Wildlife Rescue
- Meadow Springs Residents Group
- Murray Music & Drama Club
- Peel Bright Minds
- Peel Connect
- Peel Football and Netball League Inc
- Peel Football Umpires Association
- Peel Marsupial Care
- Peel Preservation Group

- Perth African Women Association
- Pinjarra Football & Netball Club
- Port Bouvard Recreation Club
- Red Cross
- Ripple Ability
- Rotary Clubs of Mandurah & Rockingham
- RS Aero Class Assoc
- Seascapes Community Association
- Silver Wheels Cycle Club
- Soroptimist International of Mandurah
- South Mandurah Tennis Club
- The Essentials Collective
- Winjan

There were also 60 local organizations who participated in the community raffle during 2022/24.

Finally, to you, our shareholders, thank you for your ongoing support. However, I put the challenge to you to take the time to help us grow the business of your Community Bank so we can help our local community to grow. If you, together with all those associated with our various community partners, referred a friend, family member or a work colleague to Community Bank Halls Head we can continue to grow our business. If you don't currently bank with our Community Bank, then make the time to see if our staff can help you achieve your banking and financial goals. This would in turn mean we can continue to work with and assist our current and future community partners.

So, we can together we can continue to make a big difference in our Mandurah community.

Ian Ilsley
MCFSL - Chairman

Branch Manager Message

As a Community Bank , we have continued to execute our plan of becoming Mandurah's bank of choice and are inspired daily by Bendigo and Adelaide Bank's vision to become Australia's bank of choice. We had another good year, which allowed us to see growth on the book.

This year Mandurah Community Financial Services Limited have connected with our wider community through various partnerships. Jenny Hammington, our Community Partnership Manager, has been instrumental in many of these partnerships, bringing the community and the Community Bank closer together. The branch staff have been involved in several events throughout the year as well feeding into the prosperity of our community.

Community Bank Halls Head currently employs a team of nine staff members. We have had a couple of changes in the past 12 months within the team that have enabled us to grow and succeed as we have.

With staff changing, that created opportunities within the branch. We welcomed Macie Ronan into the Customer Service Officer role as well as Jade Kelly taking on a new role of Branch Operations Manager.

Along with Macie and Jade, special thanks go to existing staff members Larissa Cagney, Michele Ivens, Josh Gates, Jo Murdoch, Lill Willman and Nakita Giuffre who are the real driving force of the branch and constantly go above and beyond in ensuring our customers financial needs, requirements and well-being are met as well as the members of the Board who have supported the branch's efforts throughout the year.

I would like to take this time to thank our Shareholders and Directors past and present. Keep on believing in the change we are making, for the better of our community and have faith that our mission has never changed over the 22 years we have been open – to feed into the community's prosperity not off it.

Lastly, to our wonderful customers, you are the heart of our organization. Without your trust and business, we cannot continue to be successful. I thank each and every one of you and ask that you continue to spread the word about the Better Big Bank.

Adam Clarke
Branch Manager

Community Bank Report 2024

BEN Message

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

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

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

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

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

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

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

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

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

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

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

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

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

Justine Minne
Head of Community Banking.



Community Bank network: celebrating 26 years of empowering communities

This year our Community Bank network celebrated 26 years of providing grassroots support to metro, regional, rural and remote communities across Australia. It's a milestone that has been widely applauded by our customers and partners who recognise the significant role we play in the lives of everyday Australians. We're there when it matters – whether that be as second responders in times of natural disaster, crisis and need; or as community builders, providing resources and support; help and hope.

In the 2022-23 financial year, our Community Bank network gave back more than \$32 million in grants, sponsorships and donations to local community projects and initiatives. Over 26 years, we have returned more than \$324 million to local communities for emergency services; facilities and infrastructure; sport and recreation; education and research; health and wellbeing; art, culture and heritage as well as environment and animal welfare.

As a shareholder in your local Community Bank, you are part of this incredible social enterprise network that is playing an ever-important role in the Australian economy. With close working relationships with local, state and federal government, peak governing bodies, clubs and community organisations, we are integrally connected and in tune with the needs of everyday Australians.

Our Community Bank network is a first mover in Australia with our unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 305 Community Bank branches. Today we represent a diverse cross-section of Australia with more than 215 community enterprises, 70,000+ shareholders, 1500+ volunteer directors, 1700 staff and 950,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in these relationships. The CBNC consists of both elected and appointed members from every state and territory. The role of council is to represent the network with its partners and to engage in strategic planning that delivers positive outcomes for our business and our communities.

The *2024 - 2026 Community Bank National Council Strategic Plan* has four key focus areas:

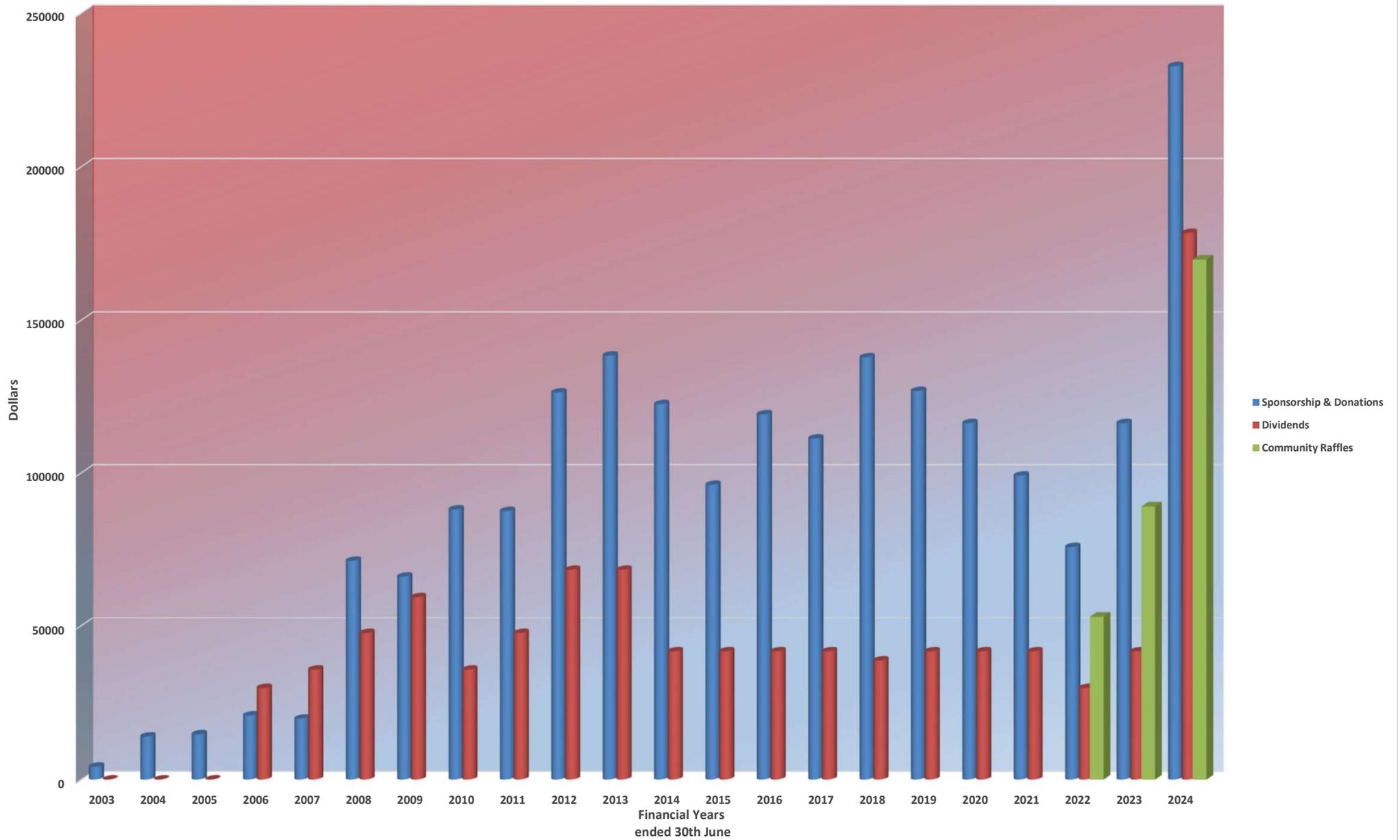
- Impact – a planned, deliberate approach with investments that enhance community prosperity.
- Leadership and advocacy – to ensure the long-term sustainability of our enterprises.
- Network alignment – enabling us to develop and nurture partnerships that align with our defined areas of social impact.
- Commercial prosperity – supporting the commercial success of our enterprises.

It is through this strategic plan, which has a foundation built on connection and collaboration, that we will deliver a strong, and secure future for our directors, shareholders, staff and the communities we serve.

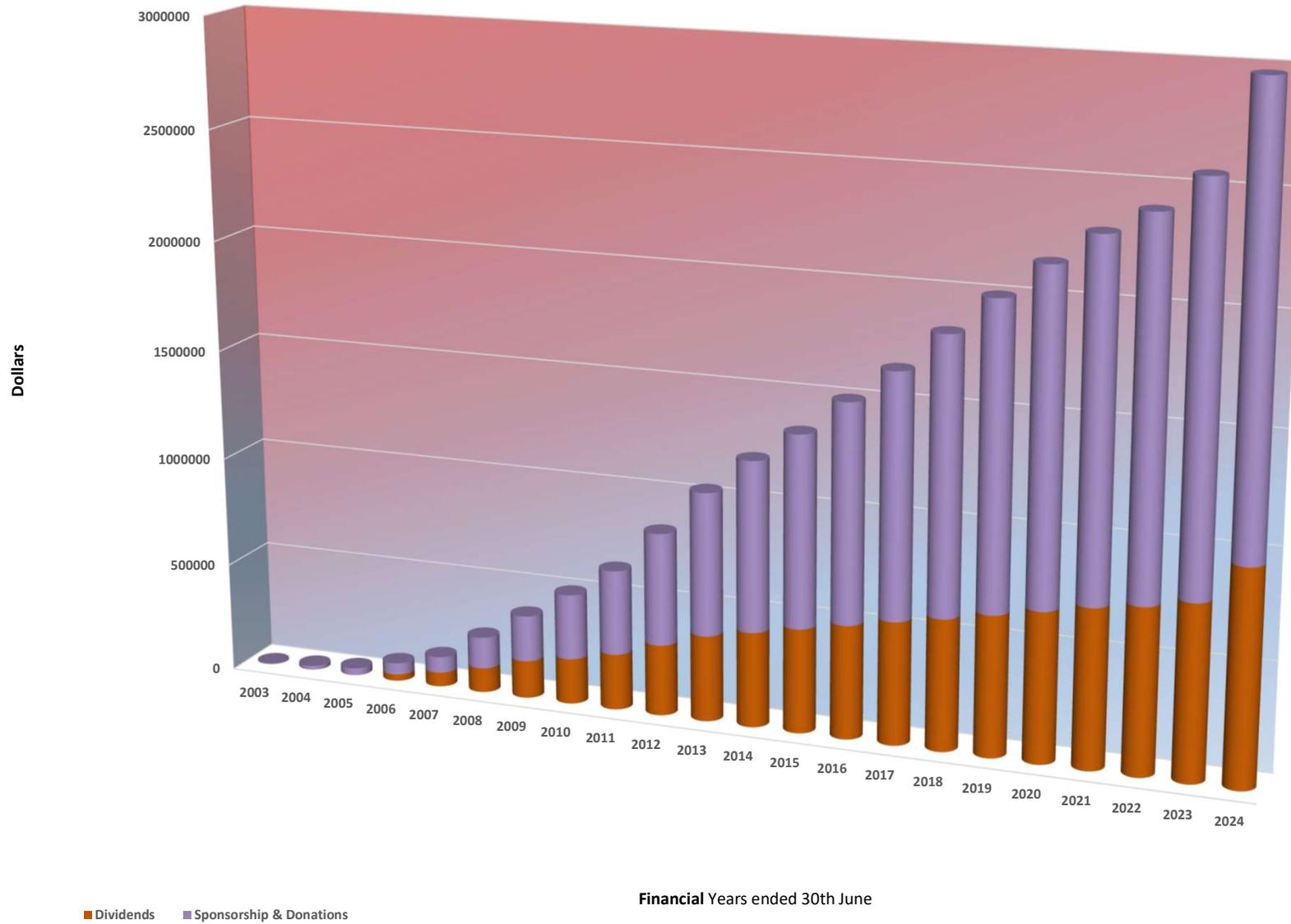
Warm regards

Lauren Bean
General Manager
Community Bank National Council

Mandurah Community Financial Services Ltd
Annual Community Direct & Indirect Contributions and Dividends to Shareholders
2003 to 2024



**Mandurah Community Financial Services Ltd
Accumulated Community Contributions and Dividends to Shareholders
2003 to 2024**



Mandurah Community Financial Services Limited

ABN 56 098 081 308

Financial Report - 30 June 2024

Mandurah 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:	Ian James Anson Ilsley
Title:	Non-executive director
Experience and expertise:	Ian is a director of Ward and Ilsley Partners Pty Ltd, Certified Practicing Accountants. He is currently a member of the School Council of the Frederick Irwin Anglican School. His former roles include: Treasurer of Frederick Irwin Anglican School Parents & Friends Association for 13 years, Treasurer of Mandurah Country Club from 2001 to 2018, board member of the Mandurah Performing Arts Centre from 2008 to 2014, a community representative on the City of Mandurah's Audit & Risk Committee from 2011 to 2019 and a former board member on the Board of John Tonkin College, Mandurah.
Special responsibilities:	Chair of the Board, Treasurer, HR Committee, Development Committee
Name:	Adrian Paul Pitsikas
Title:	Non-executive director
Experience and expertise:	Adrian and his brother own and operate Greenacres Turf Group the largest turf producer in Western Australia and have done so for the past 27 years. Adrian is the former Chair of Turf Australia (the industry peak body for the whole of Australia). Adrian holds Diplomas in Horticulture (Turf), Irrigation and Business Management.
Special responsibilities:	Finance Committee, Human Resources Committee, Development Committees
Name:	Andrew James Brown
Title:	Non-executive director
Experience and expertise:	Andrew was the owner of the Halls Head Bakers Delight Franchise (10 years) and has Certificate 3 in Small Business Management. He was the business owner of A & J Fabricators which involved 20 years contracting to mining, oil and gas industries. Andrew is a past director of the small business Centre Peel and previous board member of HHCC & Career Enterprise Centre in Mandurah. He also holds a Certificate IV in Workplace Training and Assessment.
Special responsibilities:	Chair of Finance Committee, Development Committee
Name:	Timothy David Williams
Title:	Non-executive director
Experience and expertise:	Timothy has extensive experience in community development and engagement. He holds a Bachelor of Arts with double majors in community development and sociology. He has significant experience in local government, high level cross-cultural engagement skills, facilitation skills and strategic development skills. Timothy also has a strong history in working alongside the Aboriginal community.
Special responsibilities:	Marketing Committee
Name:	Douglas Philip James Savarese
Title:	Non-executive director
Experience and expertise:	Douglas' experience includes being a Area Manager for Counterpoint Marketing, Assistant Manager at Coles Myer and Newmart Supermarket and Sales/Territory Manager for Kellogg's Australia. Douglas currently owns a private company, Quadbogey Pty Ltd, which previously had contracts with Australia Post for parcel delivery service. Douglas is also a past Captain of the Mandurah Country Club.
Special responsibilities:	Marketing Committee

Mandurah Community Financial Services Limited

Directors' report

30 June 2024

Name: Horace Brett Hill
Title: Non-executive director
Experience and expertise: Retired, mentor, Cultural Advisor, Facilitator, actively involved in Community Development across Nyoongar nation and local Mandurah / Perth area. Recognised Community Leader / Elder in the Mandurah, Armadale, Bunbury and Narrogin area. Board / Committee member to the following; Winjan Aboriginal Corporation, Wardandi Miya-k Kaadajiny A.C., Wilman (Dryandra) People AC.
Special responsibilities: Deputy Chair, Marketing Committee

Name: Natasha Darlene Upcott
Title: Non-executive director
Experience and expertise: Principal Mandurah Primary School, Network Principal, Mandurah School Network (MSN). Treasurer, Executive Member of Council PFWA (Principals Federation of Western Australia). Bachelor of Arts (Education) Murdoch University.
Special responsibilities: Marketing Committee

Company secretary

The company secretary is Andrew James Brown. Andrew was appointed to the position of company secretary on 7 June 2019.

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 \$585,744 (30 June 2023: \$733,931).

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
	\$
Fully franked dividend of 30 cents per share (2023: 7 cents)	<u><u>178,347</u></u>

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

The company will continue its policy of facilitating banking services to the community.

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.

Mandurah Community Financial Services Limited

Directors' report

30 June 2024

Meetings of directors

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

	Board Eligible	Board Attended
Ian James Anson Ilsley	10	10
Adrian Paul Pitsikas	10	9
Andrew James Brown	10	8
Timothy David Williams	10	8
Douglas Philip James Savarese	10	7
Horace Brett Hill	10	8
Natasha Darlene Upcott	10	10

Eligible: represents the number of meetings held during the time the director held office.

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 29 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
Ian James Anson Ilsley	3,500	-	3,500
Adrian Paul Pitsikas	-	15,000	15,000
Andrew James Brown	500	-	500
Timothy David Williams	-	-	-
Douglas Philip James Savarese	2,500	-	2,500
Horace Brett Hill	-	-	-
Natasha Darlene Upcott	-	1,000	1,000

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.

Mandurah Community Financial Services Limited

Directors' report

30 June 2024

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 30 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:

- the non-audit services provided do not have been reviewed by the Finance, Risk and Governance Committee 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



Ian James Anson Ilsley
Chair

27 August 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 Mandurah Community Financial Services Limited

As lead auditor for the audit of Mandurah 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 August 2024

A handwritten signature in black ink, appearing to read 'A. Downing', is positioned above the printed name.

Adrian Downing
Lead Auditor

Mandurah 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	2,087,437	2,195,620
Other revenue	8	83,792	12,073
Finance revenue		48,867	20,112
Gain on remeasurement of right-of-use assets	9	-	3,596
Total revenue		<u>2,220,096</u>	<u>2,231,401</u>
Employee benefits expense	11	(777,146)	(617,093)
Advertising and marketing costs		(12,295)	(15,071)
Occupancy and associated costs		(34,083)	(45,520)
System costs		(40,736)	(49,936)
Depreciation and amortisation expense	11	(151,452)	(181,068)
Loss on disposal of assets		-	(5,478)
Finance costs	11	(16,304)	(20,426)
General administration expenses		(180,282)	(196,716)
Fair value losses on financial assets	10	-	(10,527)
Total expenses before community contributions and income tax expense		<u>(1,212,298)</u>	<u>(1,141,835)</u>
Profit before community contributions and income tax expense		1,007,798	1,089,566
Charitable donations and sponsorships expense		<u>(232,692)</u>	<u>(116,165)</u>
Profit before income tax expense		775,106	973,401
Income tax expense	12	<u>(189,362)</u>	<u>(239,470)</u>
Profit after income tax expense for the year		585,744	733,931
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>585,744</u></u>	<u><u>733,931</u></u>
		Cents	Cents
Basic earnings per share	32	98.53	123.46
Diluted earnings per share	32	98.53	123.46

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

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

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	13	604,074	417,364
Trade and other receivables	14	212,419	214,994
Investments	15	991,089	955,122
Total current assets		<u>1,807,582</u>	<u>1,587,480</u>
Non-current assets			
Trade and other receivables	14	27,500	27,500
Financial assets	18	279,207	195,715
Property, plant and equipment	16	466,410	524,076
Right-of-use assets	17	210,863	281,048
Intangible assets	19	35,862	48,862
Deferred tax assets	12	52,922	57,522
Total non-current assets		<u>1,072,764</u>	<u>1,134,723</u>
Total assets		<u>2,880,346</u>	<u>2,722,203</u>
Liabilities			
Current liabilities			
Trade and other payables	20	139,087	131,419
Lease liabilities	21	109,032	90,485
Current tax liabilities	12	106,161	270,553
Employee benefits	22	32,279	26,586
Total current liabilities		<u>386,559</u>	<u>519,043</u>
Non-current liabilities			
Trade and other payables	20	14,662	29,324
Lease liabilities	21	201,445	309,048
Employee benefits	22	15,067	11,137
Provisions		<u>35,390</u>	<u>33,825</u>
Total non-current liabilities		<u>266,564</u>	<u>383,334</u>
Total liabilities		<u>653,123</u>	<u>902,377</u>
Net assets		<u>2,227,223</u>	<u>1,819,826</u>
Equity			
Issued capital	23	594,490	594,490
Retained earnings		<u>1,632,733</u>	<u>1,225,336</u>
Total equity		<u>2,227,223</u>	<u>1,819,826</u>

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

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		594,490	533,019	1,127,509
Profit after income tax expense		-	733,931	733,931
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	733,931	733,931
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	25	-	(41,614)	(41,614)
Balance at 30 June 2023		<u>594,490</u>	<u>1,225,336</u>	<u>1,819,826</u>
Balance at 1 July 2023		594,490	1,225,336	1,819,826
Profit after income tax expense		-	585,744	585,744
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	585,744	585,744
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	25	-	(178,347)	(178,347)
Balance at 30 June 2024		<u>594,490</u>	<u>1,632,733</u>	<u>2,227,223</u>

Mandurah 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)		2,398,397	2,342,180
Payments to suppliers and employees (inclusive of GST)		(1,578,350)	(1,098,974)
Dividends received		14,365	12,073
Interest received		42,991	13,850
Income taxes refunded/(paid)		(349,154)	3,166
		<u> </u>	<u> </u>
Net cash provided by operating activities	31	<u>528,249</u>	<u>1,272,295</u>
Cash flows from investing activities			
Investment in term deposits		(35,967)	(220,740)
Payments for property, plant and equipment	16	(8,321)	(608,852)
Payments for intangible assets		(13,329)	(13,329)
Proceeds from disposal of property, plant and equipment	16	<u>300</u>	<u>27,296</u>
		<u> </u>	<u> </u>
Net cash used in investing activities		<u>(57,317)</u>	<u>(815,625)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(14,844)	(19,008)
Dividends paid	25	(178,347)	(41,614)
Repayment of lease liabilities		<u>(91,031)</u>	<u>(70,266)</u>
		<u> </u>	<u> </u>
Net cash used in financing activities		<u>(284,222)</u>	<u>(130,888)</u>
Net increase in cash and cash equivalents		186,710	325,782
Cash and cash equivalents at the beginning of the financial year		<u>417,364</u>	<u>91,582</u>
		<u> </u>	<u> </u>
Cash and cash equivalents at the end of the financial year	13	<u><u>604,074</u></u>	<u><u>417,364</u></u>

Mandurah Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Mandurah Community Financial Services Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

Ward & Ilsley Partners Pty Ltd
55C Mandurah Terrace
Mandurah WA 6210

Principal place of business

Halls Head Shopping
Shop 5 Halls Head Central Shopping Centre
Halls Head WA 6210

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 27 August 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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 3. Material accounting policy information (continued)

Current and non-current classification

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

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.

Mandurah Community Financial Services Limited

Notes to the financial statements

30 June 2024

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

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.

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.

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 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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

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 directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in April 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.

Mandurah Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 5. Economic dependency (continued)

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 Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Change to comparative figures

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 comparative 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 \$955,122 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.

The change in classification had no impact on the company's net profit or net asset position.

Calculation of right-of-use asset cost and accumulated depreciation

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$472.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers

	2024	2023
	\$	\$
Margin income	1,950,739	2,057,259
Fee income	86,279	89,494
Commission income	50,419	48,867
	<u>2,087,437</u>	<u>2,195,620</u>

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:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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 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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

Core banking products

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

Ability to change financial return

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

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

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

Note 8. Other revenue

	2024	2023
	\$	\$
Net fair value gain on financial assets	69,127	-
Net gain on disposal of property, plant and equipment	300	-
Dividend and distribution income	14,365	12,073
	<u>83,792</u>	<u>12,073</u>

Note 9. Gain on remeasurement of right-of-use assets

	2024	2023
	\$	\$
Gain on disposal of right-of-use assets	<u>-</u>	<u>3,596</u>

During the previous financial year the company elected not to exercise the final 5 year extension option for the Shop 7 Peelwood Parade in favour of moving to a new branch at Shop 5 Halls Head Central Shopping Centre. Upon vacating the branch the company no longer received any economic benefit from the right-of-use asset, as a result of the remeasurement an accounting gain was recognised.

Note 10. Fair value losses on financial assets

	2024	2023
	\$	\$
Fair value losses on financial assets	<u>-</u>	<u>10,527</u>

These amounts relate to the decrease in the market value of financial assets held by the company.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 11. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	647,825	519,480
Non-cash benefits	17,496	15,240
Superannuation contributions	70,486	54,057
Expenses related to long service leave	10,514	(1,438)
Other expenses	30,825	29,754
	<u>777,146</u>	<u>617,093</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Furniture and fixtures	54,222	87,295
Motor vehicles	11,765	9,045
	<u>65,987</u>	<u>96,340</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	72,465	71,728
<i>Amortisation of intangible assets</i>		
Franchise fee	2,167	2,167
Franchise renewal fee	10,833	10,833
	<u>13,000</u>	<u>13,000</u>
	<u>151,452</u>	<u>181,068</u>

Finance costs

	2024	2023
	\$	\$
Lease interest expense	14,844	19,008
Unwinding of make-good provision	1,460	1,418
	<u>16,304</u>	<u>20,426</u>

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

Leases recognition exemption

	2024	2023
	\$	\$
Expenses relating to low-value leases	12,905	25,381
	<u>12,905</u>	<u>25,381</u>

Charitable donations, sponsorships and grants

	2024	2023
	\$	\$
Direct donation, sponsorship and grant payments	232,692	116,165
	<u>232,692</u>	<u>116,165</u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 12. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	180,304	275,727
Movement in deferred tax	4,600	(41,381)
Recoupment of prior year tax losses	-	10,298
Net benefit of franking credits on dividends received	(6,155)	(5,174)
Under/over provision in respect to prior years	10,613	-
	<u>189,362</u>	<u>239,470</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>775,106</u>	<u>973,401</u>
Tax at the statutory tax rate of 25%	193,777	243,350
Tax effect of:		
Non-deductible expenses	203	-
Other assessable income	1,537	1,294
Net benefit of franking credits on dividends received	<u>(6,155)</u>	<u>(5,174)</u>
Income tax expense	<u>189,362</u>	<u>239,470</u>
	2024	2023
	\$	\$
 <i>Deferred tax assets/(liabilities)</i>		
Employee benefits	11,836	9,431
Provision for lease make good	8,848	8,456
Accrued expenses	6,511	3,896
Income accruals	(3,323)	(1,855)
Lease liabilities	77,619	99,883
Right-of-use assets	(52,716)	(70,262)
Property, plant and equipment	14,220	699
Financial assets at fair value through profit or loss	(7,784)	9,499
Prepayments	<u>(2,289)</u>	<u>(2,225)</u>
Deferred tax asset	<u>52,922</u>	<u>57,522</u>
	2024	2023
	\$	\$
Provision for income tax	<u>106,161</u>	<u>270,553</u>

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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 12. Income tax (continued)

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 13. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	<u>604,074</u>	<u>417,364</u>

Note 14. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	<u>189,957</u>	<u>198,669</u>
Other receivables and accruals	11	5
Accrued income	13,294	7,419
Prepayments	<u>9,157</u>	<u>8,901</u>
	<u>22,462</u>	<u>16,325</u>
	<u>212,419</u>	<u>214,994</u>
<i>Non-current assets</i>		
Trade receivables	<u>27,500</u>	<u>27,500</u>

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 15. Investments

	2024	2023
	\$	\$
<i>Current assets</i>		
Term deposits	<u>991,089</u>	<u>955,122</u>

Note 16. Property, plant and equipment

	2024	2023
	\$	\$
Furniture and fixtures - at cost	537,953	529,182
Less: Accumulated depreciation	<u>(147,246)</u>	<u>(92,574)</u>
	<u>390,707</u>	<u>436,608</u>
Motor vehicles - at cost	90,521	90,521
Less: Accumulated depreciation	<u>(14,818)</u>	<u>(3,053)</u>
	<u>75,703</u>	<u>87,468</u>
	<u>466,410</u>	<u>524,076</u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 16. Property, plant and equipment (continued)

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

	Furniture and fixtures \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	8,966	29,894	38,860
Additions	518,332	90,520	608,852
Disposals	(3,395)	(23,901)	(27,296)
Depreciation	(87,295)	(9,045)	(96,340)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2023	436,608	87,468	524,076
Additions	8,321	-	8,321
Depreciation	(54,222)	(11,765)	(65,987)
	<hr/>	<hr/>	<hr/>
Balance at 30 June 2024	<u>390,707</u>	<u>75,703</u>	<u>466,410</u>

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 diminishing value and straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Furniture and fixtures	1 to 8 years
Motor vehicles	8 years

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

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

Note 17. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	361,479	359,199
Less: Accumulated depreciation	(150,616)	(78,151)
	<hr/>	<hr/>
	<u>210,863</u>	<u>281,048</u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 17. Right-of-use assets (continued)

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	351,096
Remeasurement adjustments	1,680
Depreciation expense	<u>(71,728)</u>
Balance at 30 June 2023	281,048
Remeasurement adjustments	2,280
Depreciation expense	<u>(72,465)</u>
Balance at 30 June 2024	<u><u>210,863</u></u>

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 21 for more information on lease arrangements.

Note 18. Financial assets

	2024 \$	2023 \$
Equity securities - designated at fair value through profit or loss	<u>279,207</u>	<u>195,715</u>

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Refer to note 27 for further information on fair value measurement.

Note 19. Intangible assets

	2024 \$	2023 \$
Franchise fee	122,025	122,025
Less: Accumulated amortisation	<u>(116,048)</u>	<u>(113,881)</u>
	5,977	8,144
Franchise renewal fee	98,932	98,932
Less: Accumulated amortisation	<u>(69,047)</u>	<u>(58,214)</u>
	29,885	40,718
	<u><u>35,862</u></u>	<u><u>48,862</u></u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 19. Intangible assets (continued)

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	10,311	51,551	61,862
Amortisation expense	<u>(2,167)</u>	<u>(10,833)</u>	<u>(13,000)</u>
Balance at 30 June 2023	8,144	40,718	48,862
Amortisation expense	<u>(2,167)</u>	<u>(10,833)</u>	<u>(13,000)</u>
Balance at 30 June 2024	<u><u>5,977</u></u>	<u><u>29,885</u></u>	<u><u>35,862</u></u>

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:

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 2027

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

Change in estimates

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

Note 20. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	30,458	15,742
Other payables and accruals	<u>108,629</u>	<u>115,677</u>
	<u><u>139,087</u></u>	<u><u>131,419</u></u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u><u>14,662</u></u>	<u><u>29,324</u></u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 20. Trade and other payables (continued)

	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	139,087	160,743
less other payables and accruals (net GST payable to the ATO)	<u>(55,720)</u>	<u>(58,566)</u>
	<u>83,367</u>	<u>102,177</u>

Note 21. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>109,032</u>	<u>90,485</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>201,445</u>	<u>309,048</u>
<i>Reconciliation of lease liabilities</i>		
	2024	2023
	\$	\$
Opening balance	399,533	468,119
Remeasurement adjustments	1,975	1,680
Lease interest expense	14,844	19,008
Lease payments - total cash outflow	<u>(105,875)</u>	<u>(89,274)</u>
	<u>310,477</u>	<u>399,533</u>

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.

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Halls Head Branch	4.29%	5 years	N/A	N/A	May 2027

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 22. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	19,897	20,785
Long service leave	12,382	5,801
	<u>32,279</u>	<u>26,586</u>
<i>Non-current liabilities</i>		
Long service leave	<u>15,067</u>	<u>11,137</u>

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 23. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	<u>594,490</u>	<u>594,490</u>	<u>594,490</u>	<u>594,490</u>

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.

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.

Mandurah Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 23. Issued capital (continued)

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 331. As at the date of this report, the company had 409 shareholders (2023: 409 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 24. 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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 24. Capital management (continued)

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 25. Dividends

Dividends provided for and paid during the period

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

	2024 \$	2023 \$
Fully franked dividend of 30 cents per share (2023: 7 cents)	178,347	41,614

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	273,492	285,355
Franking credits (debits) arising from income taxes paid (refunded)	349,152	(3,166)
Franking debits from the payment of franked distributions	(59,449)	(13,871)
Franking credits from franked distributions received	6,157	5,174
	<u>569,352</u>	<u>273,492</u>

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	569,352	273,492
Franking credits (debits) that will arise from payment (refund) of income tax	106,161	270,553
Franking credits available for future reporting periods	<u>675,513</u>	<u>544,045</u>

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 26. 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:

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 26. Financial risk management (continued)

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- 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		
Trade and other receivables (note 14)	203,262	206,093
Cash and cash equivalents (note 13)	604,074	417,364
Investments (note 15)	991,089	955,122
Financial assets (note 18)	<u>279,207</u>	<u>195,715</u>
	<u>2,077,632</u>	<u>1,774,294</u>
Financial liabilities		
Trade and other payables (note 20)	83,367	102,177
Lease liabilities (note 21)	<u>310,477</u>	<u>399,533</u>
	<u>393,844</u>	<u>501,710</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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.

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 26. Financial risk management (continued)

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

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 earning on those and subject to movements in market interest rate. The company held cash and cash equivalents of \$604,074 and investments of \$991,089 at 30 June 2024 (2023: \$417,364 and \$955,122).

Equity Price risk

All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX) or the National Stock Exchange (NSX). Changes in equity securities value is recognised through profit or loss or other comprehensive income.

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	139,087	14,662	-	153,749
Lease liabilities	111,169	218,019	-	329,188
Total non-derivatives	<u>250,256</u>	<u>232,681</u>	<u>-</u>	<u>482,937</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	131,419	29,324	-	160,743
Lease liabilities	105,875	329,188	-	435,063
Total non-derivatives	<u>237,294</u>	<u>358,512</u>	<u>-</u>	<u>595,806</u>

Note 27. Fair value measurement

	Level 1 \$
2024	
<i>Assets</i>	
Equity securities	<u>279,207</u>
Total assets	<u>279,207</u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 27. Fair value measurement (continued)

2023	Level 1 \$
<i>Assets</i>	
Equity securities	195,715
Total assets	<u>195,715</u>

There were no transfers between levels during the financial year.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 28. Key management personnel disclosures

The following persons were directors of Mandurah Community Financial Services Limited during the financial or up to the date of signing of these Financial Statements.

Ian James Anson Ilsley	Douglas Philip James Savarese
Adrian Paul Pitsikas	Horace Brett Hill
Andrew James Brown	Natasha Darlene Upcott
Timothy David Williams	

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 29. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 28.

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.

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 29. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
Ian Ilsley is a director of Ward & Ilsley Partners Pty Ltd which supplied the company with accounting and taxation services during the financial year.	40,068	42,275
Horace Hill is a director of Winjan Aboriginal Corporation. The company made a donation to Winjan Aboriginal Corporation during the financial year.	5,000	-

Note 30. 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 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,650	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	450	-
General advisory services	2,610	3,200
Share registry services	9,306	5,306
	<u>12,366</u>	<u>8,506</u>
	<u>19,016</u>	<u>13,906</u>

Note 31. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	585,744	733,931
Adjustments for:		
Depreciation and amortisation	151,452	181,068
Net gain on disposal of non-current assets	(300)	-
(Increase)/decrease in fair value of equity instruments designated at FVTPL	(69,127)	10,527
Income reinvested in financial assets	-	(12,080)
Lease liabilities interest	14,844	19,008
Change in operating assets and liabilities:		
Decrease in trade and other receivables	71,702	62,257
Decrease in income tax refund due	-	3,166
Decrease/(increase) in deferred tax assets	4,600	(31,083)
Increase/(decrease) in trade and other payables	(77,357)	47,812
Increase/(decrease) in provision for income tax	(164,392)	270,553
Increase/(decrease) in employee benefits	9,623	(5,068)
Increase/(decrease) in other provisions	1,460	(7,796)
Net cash provided by operating activities	<u>528,249</u>	<u>1,272,295</u>

Mandurah Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 32. Earnings per share

	2024	2023
	\$	\$
Profit after income tax	<u>585,744</u>	<u>733,931</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>594,490</u>	<u>594,490</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>594,490</u>	<u>594,490</u>
	Cents	Cents
Basic earnings per share	98.53	123.46
Diluted earnings per share	98.53	123.46

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Mandurah Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 33. Commitments

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

Note 34. Contingencies

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

Note 35. 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.

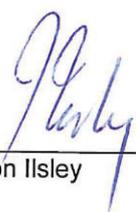
Mandurah Community Financial Services Limited
Directors' declaration
30 June 2024

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



Ian James Anson Ilsley
Chair

27 August 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 Mandurah Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mandurah 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 Mandurah 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.



Andrew Frewin Stewart
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ABN: 65 684 604 390
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03 5443 0344

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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



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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 August 2024

Adrian Downing
Lead Auditor

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 **Bendigo Bank**