

Annual Report 2024

Augusta & Districts
Community Financial
Services Limited

Augusta Margaret River

ABN 64 110 946 168

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Chair Report.

This past year has been a successful one and we have focused on our growth plan.

I thank the Board for being diligent and positive in their commitment to reaching our goals.

Thanks to Deputy Chair Cinde Fisher for her long-term commitment. Thanks to Acting Treasurer Ted Coulter who stepped in to give a break to our Treasurer Donna Adams while she has other significant work and study commitments.

Miriam Bailey from AMD Accounting has been diligent as Company Secretary.

We are very grateful for the role of Natalie Chambers who manages the operations and governance compliance of the company and who spearheads our marketing for Augusta & Districts Community Financial Services Limited. She is the first point of contact for Shareholders.

Branch Manager Tony Greipl is now well established in our communities and is steadfast in his work and positive in his leadership of the banking staff. We the Board, have enjoyed his support and are very happy with his overall performance. We thank Toni English, the Customer Relationship Officer and Customer Service Officers, Kristine Schreck, and Marcia Burton for their everyday care and professional service.

While we have settled into a consistent period of business growth, we are always aware of the support available from Bendigo Bank WA State Manager Joe Faraone, Community Banking Performance Manager Grant McLeod and Regional Manager Michelle Brace.

As your Board of Directors, we are focused on growth, as we are currently one of the smallest branches in WA in terms of size and turnover. Growth will determine our long-term goals of making banking services available for Augusta (as we are now the only bank in town). Providing a Bank in Augusta is our top priority and this guides our management.

It is a balancing act to fund growth and keep a healthy budget. The coming year's focus will be on marketing.

After taking a little longer than was planned, it has been a relief to implement the new signage for Community Bank Augusta Margaret River now that the building has a renewed frontage.

The Margaret River Office has worked well with staff attending appointments with customers. The closure of other financial institutions in Margaret River has seen a steady stream of new customers opening accounts with Community Bank Augusta Margaret River. While we offer banking appointments with our senior staff at the Margaret River Office – it is not a cash transactional site.

FINANCIAL OVERVIEW

It has been a milestone year as we have improved our financial standing. Notably we have cleared the substantial legacy overdraft and we are now operating in a cash-positive position with a small profit.

We have deliberately minimised new sponsorships in the community while we position ourselves into a stronger financial standing. The goal is to underpin our growth and economic security for the long term. Meanwhile, we are designing less costly ways of supporting community groups for the short to medium term.

In conclusion

We are set on a path for consistent healthy growth with good governance. We the Board, have been able to become less operational with the employment of an experienced operations manager. We strongly believe with continued careful management we will consistently meet our primary goals.

We ask you, the Shareholders, to be our community ambassadors and spread the confidence.

MANAGERS REPORT – AGM 2024

I cannot believe that I am nearing two years at Community Bank Augusta Margaret River. It has been challenging but equally exciting and rewarding. I have settled in and have been made to feel welcome, met so many great people over this time and I am truly enjoying the role.

As far as business is concerned, I am very pleased with the progress we have made. We have increased our overall business and more importantly have had a good increase in our customer numbers as well.

I would like to thank the staff for their commitment to the cause and as they continue to gain knowledge and experience, we will continue to improve our offering to the community.

Along with the staff, I also wish to express my gratitude to Natalie (Executive Operations Manager) who is working tirelessly behind the scenes and the Board for their efforts this year as well.

As in previous years, the final and most important mention is our customers as they are what makes this all possible.

Regards

Tony Greipl
Branch Manager

Augusta & Districts Community Financial Services Ltd

ABN 64 110 946 168

Financial Report - 30 June 2024

Augusta & Districts Community Financial Services Ltd

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: Jennifer Anne Gherardi
Title: Non-executive director
Experience and expertise: Jennifer's qualifications include; BSc Communications Studies, 1st Class Honours in Media, Vice Chancellors Award for Academic Excellence and Training and mentoring at BBC London in New Media. Jennifer has both business and community experience, she and her partner developed Freycinet Estate (now Voyage Estate) in the commencement of the wine industry in the Margaret River. She went onto becoming a Film and Television Producer/Director making independent films for SBS and ABC TV. Jennifer co-manages Meeks House in Margaret River and is a Chamber of Commerce member. Her community contributions include being; a lactation counsellor for 15 years, a founding member of The Margaret River Community Centre, and a CinefestOZ Film Festival board director for 8 years.
Special responsibilities: Chair, Marketing Committee.

Name: Cinde Blanche Fisher
Title: Non-executive director
Experience and expertise: Bachelor of Science (Computer Science & Financial Accounting).
Special responsibilities: Audit Committee.

Name: Nicholas Fairbairn Dornan
Title: Non-executive director
Experience and expertise: Nicholas' previous roles included a designer in the entertainment industry UK, General Manager of Samuelson Vari-lites UK (Europe and Asia) . Former Shire president of Augusta Margaret River. He is currently on the Shire Sustainability Advisory committee, is the Secretary of the Augusta Golf Club and the Vice President of the Margaret River Tennis Club.
Special responsibilities: Nil.

Name: Jodie Boyd Lane
Title: Non-executive director
Experience and expertise: Farmer, small business owner, educator, venue provider, event organiser.
Special responsibilities: Marketing Committee.

Name: Donna Adams
Title: Non-executive director
Experience and expertise: Donna was born in Margaret River and now lives in Augusta with her husband and two daughters. She holds a Cert IV in Financial Services/Bookkeeping and is a BAS agent with Tax Practitioner Board. Donna is the owner of Nautilus Business Solutions, a small Accounting & Bookkeeping firm with four employees and has also just started Donna Adams Business Coaching. Currently Donna is in her last year of studying a BPsych at Curtin University, where she is a Member of Vice Chancellor List 2019 (top 1%). Donna also presently volunteers as a mentor to 12 students who are new to Curtin University and is a committee member on the 'Open The Gate' group (mental health awareness and suicide prevention in rural and marginalised communities). She is also 2017 Alumni of Women & Leadership Australia.
Special responsibilities: Nil.

Augusta & Districts Community Financial Services Ltd

Directors' report

30 June 2024

Name: Julie Alice Kirby
Title: Non-executive director
Experience and expertise: With more than 20 years' experience specialising in agribusiness, Julie is a consultant who uses her financial acumen to drive competitiveness and improved commercial outcomes in the private sector and applies her robust strategic planning and analytical thinking skills to projects spanning Government, industry peak bodies and Not-for-Profit organisations. Julie helps clients build and execute powerful business strategies, navigate change and improve organisational, team and leadership effectiveness. Julie has an MBA and is a graduate of the Australian Institute of Company Directors.
Special responsibilities: Nil.

Name: Mathew John Cuthbert
Title: Non-executive director
Experience and expertise: Mathew has been a town planner for 22 years working in both the local government and state government sectors. Mathew has worked for the Shire of Augusta Margaret River for the last 9 years and is currently the Manager of Planning and Regulatory Services. Mathew has helped to initiate and develop the Busselton Community Garden and held positions on the Committee between its inception in 2005 and 2013.
Special responsibilities: Nil.

Name: Edward John Coulter
Title: Non-executive director
Experience and expertise: Financial Director of a development company in the tourism industry. Former Augusta-Margaret River Shire Councillor and Business Proprietor. Current Member of Augusta Chamber of Commerce Inc and previous member of several community organisations including inaugural chair of Augusta Community & Districts Community Financial Services Ltd,
Special responsibilities: Nil

Company secretary

The company secretary is Miriam Rachel Bailey. Miriam was appointed to the position of company secretary on 20 June 2019.

Experience and expertise: Miriam was a past Auditor at Ernst & Young, Tax Manager at NKH Knight and Facilitator for the Institute of Chartered Accountants. She is a Director of AMD Margaret River (tax and advisory) and holds a Bachelor of Commerce major in Professional Accounting, minor in Business Law, Chartered Accountant, Certified Tax Advisor, Diploma of Financial Planning.

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 \$40,919 (30 June 2023: \$149,924).

Operations have continued to perform in line with expectations.

Dividends

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

Significant changes in the state of affairs

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

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

Augusta & Districts Community Financial Services Ltd

Directors' report

30 June 2024

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Jennifer Anne Gherardi	7	7
Cinde Blanche Fisher	7	6
Nicholas Fairbairn Dornan	7	1
Jodie Boyd Lane	7	4
Donna Adams	7	4
Julie Alice Kirby	7	3
Mathew John Cuthbert	7	3
Edward John Coulter	7	5

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 24 to the financial statements.

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
Jennifer Anne Gherardi	-	-	-
Cinde Blanche Fisher	-	-	-
Nicholas Fairbairn Dornan	-	-	-
Jodie Boyd Lane	-	-	-
Donna Adams	-	-	-
Julie Alice Kirby	-	-	-
Mathew John Cuthbert	-	-	-
Edward John Coulter	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.

Augusta & Districts Community Financial Services Ltd
Directors' report
30 June 2024

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

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

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

Auditor's independence declaration

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

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

On behalf of the directors



Jennifer Anne Gherardi
Chair

19 September 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 Augusta & Districts Community Financial Services Ltd

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

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

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: 19 September 2024

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

Adrian Downing
Lead Auditor

Augusta & Districts Community Financial Services Ltd
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Revenue from contracts with customers	7	526,709	532,202
Other revenue	8	-	70,504
Finance revenue		15	-
Total revenue		<u>526,724</u>	<u>602,706</u>
Employee benefits expense	9	(291,294)	(232,925)
Advertising and marketing costs		(15,050)	(5,331)
Occupancy and associated costs		(25,101)	(20,573)
System costs		(14,907)	(13,789)
Depreciation and amortisation expense	9	(37,610)	(38,042)
Finance costs	9	(4,405)	(10,817)
General administration expenses		(72,926)	(65,458)
Total expenses before community contributions and income tax expense		<u>(461,293)</u>	<u>(386,935)</u>
Profit before community contributions and income tax expense		65,431	215,771
Charitable donations, sponsorships and grants expense		<u>(11,947)</u>	<u>(15,572)</u>
Profit before income tax expense		53,484	200,199
Income tax expense	10	<u>(12,565)</u>	<u>(50,275)</u>
Profit after income tax expense for the year		40,919	149,924
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>40,919</u></u>	<u><u>149,924</u></u>
		Cents	Cents
Basic earnings per share	27	6.58	24.11
Diluted earnings per share	27	6.58	24.11

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

Augusta & Districts Community Financial Services Ltd
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	11	19,052	-
Trade and other receivables	12	57,123	61,627
Total current assets		<u>76,175</u>	<u>61,627</u>
Non-current assets			
Property, plant and equipment	13	29,729	37,636
Right-of-use assets	14	19,605	35,944
Intangible assets	15	15,588	28,487
Deferred tax assets	10	135,639	148,204
Total non-current assets		<u>200,561</u>	<u>250,271</u>
Total assets		<u>276,736</u>	<u>311,898</u>
Liabilities			
Current liabilities			
Trade and other payables	16	53,954	43,507
Borrowings	17	6,271	59,689
Lease liabilities	18	20,372	19,488
Employee benefits		13,490	8,040
Total current liabilities		<u>94,087</u>	<u>130,724</u>
Non-current liabilities			
Trade and other payables	16	-	14,873
Borrowings	17	-	6,306
Lease liabilities	18	3,327	23,623
Employee benefits		1,433	250
Provisions		24,005	23,157
Total non-current liabilities		<u>28,765</u>	<u>68,209</u>
Total liabilities		<u>122,852</u>	<u>198,933</u>
Net assets		<u>153,884</u>	<u>112,965</u>
Equity			
Issued capital	19	621,813	621,813
Accumulated losses		<u>(467,929)</u>	<u>(508,848)</u>
Total equity		<u>153,884</u>	<u>112,965</u>

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

Augusta & Districts Community Financial Services Ltd
Statement of changes in equity
For the year ended 30 June 2024

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	621,813	(658,772)	(36,959)
Profit after income tax expense	-	149,924	149,924
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	149,924	149,924
Balance at 30 June 2023	<u>621,813</u>	<u>(508,848)</u>	<u>112,965</u>
Balance at 1 July 2023	621,813	(508,848)	112,965
Profit after income tax expense	-	40,919	40,919
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	40,919	40,919
Balance at 30 June 2024	<u>621,813</u>	<u>(467,929)</u>	<u>153,884</u>

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

Augusta & Districts Community Financial Services Ltd
Statement of cash flows
For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		583,884	627,760
Payments to suppliers and employees (inclusive of GST)		(468,461)	(393,637)
Interest received		15	-
Interest and other finance costs paid		<u>(2,441)</u>	<u>(8,124)</u>
Net cash provided by operating activities	26	<u>112,997</u>	<u>225,999</u>
Cash flows from investing activities			
Payments for property, plant and equipment		-	(2,339)
Payments for intangible assets		<u>(13,521)</u>	<u>(13,521)</u>
Net cash used in investing activities		<u>(13,521)</u>	<u>(15,860)</u>
Cash flows from financing activities			
Repayment of bank loans		(11,497)	(11,724)
Interest and other finance costs paid		(1,141)	(1,889)
Repayment of lease liabilities		<u>(19,559)</u>	<u>(18,811)</u>
Net cash used in financing activities		<u>(32,197)</u>	<u>(32,424)</u>
Net increase in cash and cash equivalents		67,279	177,715
Cash and cash equivalents at the beginning of the financial year		<u>(48,227)</u>	<u>(225,942)</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>19,052</u></u>	<u><u>(48,227)</u></u>

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 54 Blackwood Avenue, Augusta WA 6290.

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 financial statements were authorised for issue, in accordance with a resolution of directors, on 19 September 2024. The directors have the power to amend and reissue the financial statements.

Going concern

The financial statements for the financial year end 30 June 2024 have been prepared on the basis that the company is a going concern and it will continue its operations for a foreseeable future.

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report. As disclosed in the financial statements, the company's financial position is as follows:

	2024	2023	Change	Change
	\$	\$	\$	%
Current assets	76,175	61,627	14,548	24%
Current liabilities	<u>(94,087)</u>	<u>(130,724)</u>	<u>36,637</u>	<u>(28%)</u>
Working capital (deficiency)	<u>(17,912)</u>	<u>(69,097)</u>	<u>51,185</u>	<u>(74%)</u>
	2024	2023	Change	Change
	\$	\$	\$	%
Total assets	276,736	311,898	(35,162)	(11%)
Total liabilities	<u>(122,852)</u>	<u>(198,933)</u>	<u>76,081</u>	<u>(38%)</u>
Net assets/(liabilities)	<u>153,884</u>	<u>112,965</u>	<u>40,919</u>	<u>36%</u>
Accumulated losses	(467,929)	(508,848)	40,919	(8%)
Profit/(loss) before tax	53,484	200,199	(146,715)	(73%)
Profit/(loss) after tax	40,919	149,924	(109,005)	(73%)
Total comprehensive income	40,919	149,924	(109,005)	(73%)
Operating cash inflows (outflows)	112,997	225,999	(113,002)	(50%)
Cash and cash equivalents	19,052	-	19,052	-
Available overdraft and borrowing facilities	<u>75,000</u>	<u>251,774</u>	<u>(176,774)</u>	<u>(70%)</u>

The company's forecasts and projections, considering reasonably possible variations in trading performance, indicate that the company is expected to operate within the limits of its current overdraft facility.

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 2. Basis of preparation and statement of compliance (continued)

The company has reported a net profit of \$40,919 for the year and is no longer reliant on the overdraft facility, however accumulated losses remain high at \$467,929. Furthermore, the company had a working capital deficiency as its current liabilities exceeded its current assets by \$17,912. Based on this the directors have concluded that whilst the financial position of the company is improving, there is still uncertainty in future financial results that creates some doubt upon the company's ability to continue as a going concern.

Nevertheless, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the unforeseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

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

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

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

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

Accounting standards issued but not yet effective

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

Current and non-current classification

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

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.

Augusta & Districts Community Financial Services Ltd

Notes to the financial statements

30 June 2024

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

Lease term

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

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

Augusta & Districts Community Financial Services Ltd
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.

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 August 2025.

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

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

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

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

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.

Augusta & Districts Community Financial Services Ltd
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Note 6. Change to comparative figures

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

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$229,907.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	472,423	478,901
Fee income	28,813	29,560
Commission income	25,473	23,741
	<u>526,709</u>	<u>532,202</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, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income

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

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

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

Commission income

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 8. Other revenue

	2024 \$	2023 \$
Market development fund	-	32,500
Other revenue	-	38,004
	<u>-</u>	<u>70,504</u>

All revenue is stated net of the amount of GST.

Accounting policy for market development fund

In previous years Bendigo Bank made market development fund (MDF) payments to the company, which has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF. The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. Bendigo Bank ceased the MDF during the previous year and therefore the company did not receive any contributions during the current financial year.

Other revenue

The amounts received are reimbursements from the Department of Training and Workforce Development for employees with training entitlements.

The amounts are not assessable for tax purposes and there is no obligation to repay the amounts.

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 9. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	248,714	185,398
Superannuation contributions	26,595	18,827
Expenses related to long service leave	1,183	100
Other expenses	14,802	28,600
	<u>291,294</u>	<u>232,925</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	192	490
Plant and equipment	1,975	2,323
Motor vehicles	5,740	5,740
	<u>7,907</u>	<u>8,553</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	16,804	16,590
<i>Amortisation of intangible assets</i>		
Franchise fee	2,150	2,150
Franchise renewal fee	10,749	10,749
	<u>12,899</u>	<u>12,899</u>
	<u>37,610</u>	<u>38,042</u>

Finance costs

	2024	2023
	\$	\$
Bank overdraft interest paid or accrued	1,781	7,464
Lease interest expense	1,141	1,889
Unwinding of make-good provision	823	804
Chattel mortgage interest expense	660	660
	<u>4,405</u>	<u>10,817</u>

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 10. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Movement in deferred tax	(2,610)	(1,945)
Under/over adjustment in respect for prior periods	(877)	-
Recoupment of prior year tax losses	16,052	52,220
	<u>12,565</u>	<u>50,275</u>
<i>Aggregate income tax expense</i>		
	<u>12,565</u>	<u>50,275</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	53,484	200,199
Tax at the statutory tax rate of 25%	13,371	50,050
Tax effect of:		
Non-deductible expenses	71	225
	<u>13,442</u>	<u>50,275</u>
Under/over adjustment in respect for prior periods	(877)	-
Income tax expense	<u>12,565</u>	<u>50,275</u>
	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward tax losses	132,309	147,485
Property, plant and equipment	(7,432)	(9,409)
Employee benefits	3,737	2,073
Provision for lease make good	6,001	5,789
Accrued expenses	-	474
Lease liabilities	5,925	10,778
Right-of-use assets	(4,901)	(8,986)
Deferred tax asset	<u>135,639</u>	<u>148,204</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 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.

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 11. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	<u>19,052</u>	<u>-</u>
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	19,052	-
Bank overdraft (note 17)	<u>-</u>	<u>(48,227)</u>
Balance as per statement of cash flows	<u>19,052</u>	<u>(48,227)</u>

Accounting policy for cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 12. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	45,285	48,041
Prepayments	<u>11,838</u>	<u>13,586</u>
	<u>57,123</u>	<u>61,627</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 13. Property, plant and equipment

	2024	2023
	\$	\$
Leasehold improvements - at cost	83,933	83,932
Less: Accumulated depreciation	<u>(82,721)</u>	<u>(82,528)</u>
	<u>1,212</u>	<u>1,404</u>
Plant and equipment - at cost	123,023	118,884
Less: Accumulated depreciation	<u>(108,929)</u>	<u>(102,815)</u>
	<u>14,094</u>	<u>16,069</u>
Motor vehicles - at cost	28,702	28,702
Less: Accumulated depreciation	<u>(14,279)</u>	<u>(8,539)</u>
	<u>14,423</u>	<u>20,163</u>
	<u>29,729</u>	<u>37,636</u>

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
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Note 13. 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:

	Leasehold improvements \$	Plant and equipment \$	Motor vehicle \$	Total \$
Balance at 1 July 2022	1,894	16,053	25,903	43,850
Additions	-	2,339	-	2,339
Depreciation	(490)	(2,323)	(5,740)	(8,553)
Balance at 30 June 2023	1,404	16,069	20,163	37,636
Depreciation	(192)	(1,975)	(5,740)	(7,907)
Balance at 30 June 2024	<u>1,212</u>	<u>14,094</u>	<u>14,423</u>	<u>29,729</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.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. 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:

Leasehold improvements	5 years
Plant and equipment	2.5 to 40 years
Motor vehicle	5 years

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

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

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

Note 14. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	111,736	111,271
Less: Accumulated depreciation	(92,131)	(75,327)
	<u>19,605</u>	<u>35,944</u>

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
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Note 14. 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	52,534
Depreciation expense	<u>(16,590)</u>
Balance at 30 June 2023	35,944
Remeasurement adjustments	465
Depreciation expense	<u>(16,804)</u>
Balance at 30 June 2024	<u><u>19,605</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 18 for more information on lease arrangements.

Note 15. Intangible assets

	2024 \$	2023 \$
Franchise fee	93,677	93,677
Less: Accumulated amortisation	<u>(91,080)</u>	<u>(88,930)</u>
	2,597	4,747
Franchise renewal fee	168,384	168,384
Less: Accumulated amortisation	<u>(155,393)</u>	<u>(144,644)</u>
	12,991	23,740
	<u><u>15,588</u></u>	<u><u>28,487</u></u>

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	6,897	34,489	41,386
Amortisation expense	<u>(2,150)</u>	<u>(10,749)</u>	<u>(12,899)</u>
Balance at 30 June 2023	4,747	23,740	28,487
Amortisation expense	<u>(2,150)</u>	<u>(10,749)</u>	<u>(12,899)</u>
Balance at 30 June 2024	<u><u>2,597</u></u>	<u><u>12,991</u></u>	<u><u>15,588</u></u>

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
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Note 15. Intangible assets (continued)

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)	August 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	August 2025

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

Note 16. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	17,817	3,715
Other payables and accruals	36,137	39,792
	<u>53,954</u>	<u>43,507</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	14,873
	<u>-</u>	<u>14,873</u>
	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	53,954	58,380
less other payables and accruals (net GST payable to the ATO)	(9,010)	(13,669)
	<u>44,944</u>	<u>44,711</u>

Note 17. Borrowings

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Bank overdraft	-	48,227
Chattel mortgage	6,271	11,462
	<u>6,271</u>	<u>59,689</u>
<i>Non-current liabilities</i>		
Chattel mortgage	-	6,306
	<u>-</u>	<u>6,306</u>

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
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Note 17. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	2024 \$	2023 \$
Total facilities		
Bank overdraft	75,000	300,000
Used at the reporting date		
Bank overdraft	-	48,227
Unused at the reporting date		
Bank overdraft	75,000	251,773

Bank overdraft

The bank overdraft is repayable on demand and used for cash management purposes. The bank overdraft has a rolling renewal date and is reviewed annually by the lender, Bendigo Bank. It is secured by a floating charge over the company's assets. As at balance date, the lender does not intend to reduce or end the overdraft facility within the next 12 months.

Accounting policy for borrowings

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

Accounting policy for cash and cash equivalents

For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Note 18. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	20,372	19,488
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	3,327	23,623
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	43,111	61,922
Remeasurement adjustments	147	-
Lease interest expense	1,141	1,889
Lease payments - total cash outflow	(20,700)	(20,700)
	23,699	43,111

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:

Augusta & Districts Community Financial Services Ltd
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Note 18. Lease liabilities (continued)

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Augusta Branch	3.54%	1 year	1 year	Yes	August 2025

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	621,813	621,813	621,813	621,813

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.

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*.

Augusta & Districts Community Financial Services Ltd
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30 June 2024

Note 19. Issued capital (continued)

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 21. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 22. Financial risk management

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

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

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

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

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

	2024	2023
	\$	\$
Financial assets at amortised cost		
Trade and other receivables (note 12)	45,285	48,041
Cash and cash equivalents (note 11)	19,052	-
	<u>64,337</u>	<u>48,041</u>
Financial liabilities		
Trade and other payables (note 16)	44,944	44,711
Lease liabilities (note 18)	23,699	43,111
Bank loans (note 17)	6,271	17,768
Bank overdrafts (note 17)	-	48,227
	<u>74,914</u>	<u>153,817</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 at amortised cost.

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

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

Derecognition

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 22. Financial risk management (continued)

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$19,052 at 30 June 2024 (2023: \$nil).

Price risk

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

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2024		2023	
	Nominal interest rate %	Balance \$	Nominal interest rate %	Balance \$
Bank overdraft	6.344%	-	5.715%	48,227
Net exposure to cash flow interest rate risk		-		48,227

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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.

Financing arrangements

Unused borrowing facilities at the reporting date:

	2024 \$	2023 \$
Bank overdraft	75,000	251,773

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time.

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 22. Financial risk management (continued)

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Chattel mortgage	6,271	-	-	6,271
Trade and other payables	53,954	-	-	53,954
Lease liabilities	20,700	3,450	-	24,150
Total non-derivatives	<u>80,925</u>	<u>3,450</u>	<u>-</u>	<u>84,375</u>

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Bank overdraft	48,227	-	-	48,227
Chattel mortgage	11,462	6,306	-	17,768
Trade and other payables	43,507	14,873	-	58,380
Lease liabilities	20,700	24,150	-	44,850
Total non-derivatives	<u>123,896</u>	<u>45,329</u>	<u>-</u>	<u>169,225</u>

Note 23. Key management personnel disclosures

The following persons were directors of Augusta & Districts Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Jennifer Anne Gherardi
Cinde Blanche Fisher
Nicholas Fairbairn Dornan
Jodie Boyd Lane

Donna Adams
Julie Alice Kirby
Mathew John Cuthbert
Edward John Coulter

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

Note 24. Related party transactions

Key management personnel

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

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 24. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024	2023
	\$	\$
Donna Adams' accounting firm, Nautilus Business Solutions provides bookkeeping, BAS agent and administration services for the company	9,529	9,560
The company purchased art from Margaret River Art Studio, which Jennifer Gherardi owns.	-	252
The company paid a donation to Augusta Golf Club, Nick Dorman is a related party.	200	-

Note 25. 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	6,450	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	900	660
General advisory services	2,870	3,670
	3,770	4,330
	<u>10,220</u>	<u>9,730</u>

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

	2024	2023
	\$	\$
Profit after income tax expense for the year	40,919	149,924
Adjustments for:		
Depreciation and amortisation	37,610	38,042
Lease liabilities interest	1,141	1,889
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	4,504	(25,108)
Decrease in deferred tax assets	12,565	50,275
Increase in trade and other payables	8,802	6,716
Increase in employee benefits	6,633	3,457
Increase in other provisions	823	804
Net cash provided by operating activities	<u>112,997</u>	<u>225,999</u>

Note 27. Earnings per share

	2024	2023
	\$	\$
Profit after income tax	<u>40,919</u>	<u>149,924</u>

Augusta & Districts Community Financial Services Ltd
Notes to the financial statements
30 June 2024

Note 27. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>621,813</u>	<u>621,813</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>621,813</u>	<u>621,813</u>
	Cents	Cents
Basic earnings per share	6.58	24.11
Diluted earnings per share	6.58	24.11

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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.

Augusta & Districts Community Financial Services Ltd
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



Jennifer Anne Gherardi
Chair

19 September 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 Augusta & Districts Community Financial Services Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Augusta & Districts Community Financial Services Ltd (the company), which comprises:

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

In our opinion, the accompanying financial report of Augusta & Districts Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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



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Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company recorded a net profit after tax of \$40,919 during the year ended 30 June 2024, however, as of that date, the company had a working capital deficiency of \$17,912 with current liabilities of \$94,087 exceeding current assets of \$76,175. The company does have access to an overdraft facility of \$75,000, fully available at 30 June 2024. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

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



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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.

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.

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: 19 September 2024

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

Adrian Downing
Lead Auditor

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