

# Annual Report 2024

Bayswater Community  
Financial Services Limited

Community Bank  
Bayswater

ABN 60 092 770 593



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# Chairman's report

For year ending 30 June 2024



In 2023-24, our overall banking portfolio rose to \$482 million representing a growth of 15 per cent over the previous year. This outcome led to all shareholders receiving a fully franked dividend of 20c per share which was announced in our August Board meeting.

Dear Shareholder,

It is with great pleasure that I report to you another very successful financial year for our company. Our end of year profit result was again one of the best in our history.

In 2023-24, our overall banking portfolio rose to \$482 million representing a growth of 15 per cent over the previous year. This outcome led to all shareholders receiving a fully franked dividend of 20c per share which was announced in our August Board meeting. The result also demonstrates the strong support for our banking services.

Importantly, our Board was again able to give back to our community. This community giving amounted to over \$550,000 throughout the year. A large part of this is by way of a contribution to our Community Enterprise Foundation account which is then drawn upon throughout the year to support a large range of groups and activities. This targeted support is greatly appreciated by all of the groups and organisations assisted.

Even in difficult financial times with high cost of living pressures, our company will continue to help our community and customers wherever we can.

Our Board is extremely proud of our dedicated and hard-working staff. Under the continued excellent leadership of Sean Kay, our branch continues to be recognised within the Community Bank network and for this I offer Sean and all of our team a sincere thank you.

The Bayswater Community Financial Services Board is also extremely hard working and energetic. The experience demonstrated has continued to lead our company on a growth path with no sign of this abating. As Board Chair, I truly thank each member for their dedication and expertise.

I would also like to thank Marnie Baker who is leaving Bendigo Bank's top role of Managing Director after six years. She took an interest in getting to know our company over this time even while she was head of one of Australia's biggest banks. We all wish her well in her future endeavours.

With other banks closing their doors and changing focus away from branch customer services, I would like to again state that our Community Bank is continuing to grow. While we are just one business in the Bayswater town site, we are backed by Australia's most trusted bank. Bendigo Bank's Community Banking model continues to serve our community well, and now with the completion of the major works around our train station, our Board continues to strive for an even brighter and more successful future.

A handwritten signature in black ink that reads "Barry McKenna".

**Barry McKenna**  
Chair

# Manager's report

For year ending 30 June 2024



A significant focus within our branch and the bank in general, is to help our customers safely and securely navigate this electronic world that we are all having to operate in. Our team are always available to assist in this area and will continue to discuss suitable options for our customers.

Dear Shareholders,

It is with great pleasure that I can report on another solid year of outcomes and achievements.

Our experienced and enthusiastic team continue to excel in their customer focus and delivery of results for our growing customer base. Their ability to help our customers through complex situations and make suggestions to improve their position is invaluable.

We have continued to see difficulties in growing our lending portfolio in general but have seen superb results in growing our customer deposits.

Although our local housing market, and the WA market in general, is resulting in difficulties in growing our home loan portfolio, we continue to see solid activity levels and remain confident that we can reverse the falling home loan portfolio trend we have seen over the last two years.

The growth in digital banking, shopping and social media presents opportunities and risks to the bank and our customers. There are several security measures that can be taken to ensure these activities remain a safe and secure place to do business.

A significant focus within our branch and the bank in general, is to help our customers safely and securely navigate this electronic world that we are all having to operate in. Our team are always available to assist in this area and will continue to discuss suitable options for our customers.

From a results perspective, during the financial year, our overall portfolio of business rose from \$422 million to \$482 million (+\$60 million). This represented overall growth of almost 15%.

Lending growth was	-\$9 million
Deposit growth was	\$44 million
Other business growth was	\$25 million

This is a continuation of the strong growth in deposits that we have been experiencing over the last two to three years.

It is clear also that although we continue to approve significant volumes of new loans for customers, that our home loan reduction is also being impacted heavily by our customer base being in a fortunate position to more readily pay down their existing loans.

This is a great outcome for individual homeowners and hopefully an indicator of a resilient employment market and general economy within WA.

## Manager's report (continued)

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In the FY 2024/25, we will continue to work with our team to deliver the best outcomes for our customers. This will be achieved through specific training to enable our team to help customers to prioritise and identify not only their current needs from their bank but also what they may need assistance with in the future. In doing this we hope that we will be able to provide that assistance and achieve a beneficial outcome for both our customers and our bank.

As always, I am grateful for the guidance of our Board of Directors and our Chair, Barry McKenna. Their support is unwavering, not only to me but to our whole team.

The level of connection and the strong relationship that our team and Board enjoy is critical in our success and ensures a smooth working relationship across our organisation.

Thank you to our shareholders. Your initial support for the community bank model has led us to this amazing position. We are an extremely well regarded and successful company that we should all be immensely proud of.

Many thanks

A handwritten signature in black ink that reads "Sean Kay". The signature is written in a cursive style with a large, sweeping initial 'S'.

**Sean Kay**  
**Senior Branch Manager**

# Financial year highlights

\$481.8 million

Total footings

\$60 million

Footings growth ↑ 14.2%



## Community investment

2000-2024

Since opening in 2000 to 2024



8,846 Total customers

13,258 Total accounts

Shareholder distributions

\$2.314 million



Community contributions  
\$2.634 million

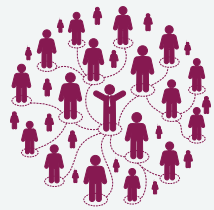
Net Profit before tax

\$1,276,814 from \$1,404,590

↓ 9.1%



Community Enterprise Foundation account balance  
\$0.996 million



\$500,000

into our Community Enterprise Foundation account



\$56,173

in donations, grants and sponsorships

\$228,990

Shareholder distributions

Declared: Fully franked dividend of 20 cents per share for 2023/24

Paid: Fully franked dividend of 22.5 cents per share for 2022/23 FY - \$257,614



Total community investment  
\$5.944 million  
2000-2024



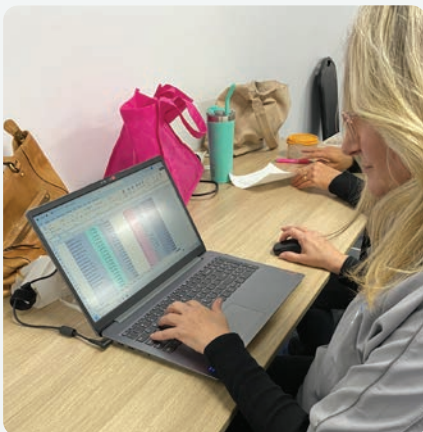
# Community contributions

## Community contributions 2023/24

In 2023/24 we were able to assist 27 groups which led to approximately 26,317 direct beneficiaries as a result of our support.

This ties into our ethos of giving back to our community who have banked with our branch over the past 24 years.

We thank our customers and shareholders for their continued support as without it, we would not be able to maintain our community contributions.



Top: Community Pitch Event. Middle row L-R: Dianella Weight Watchers, Enviro House, City of Bayswater Community Art Awards - Local Whadjuk Award Winner - Renee Rose for Diji durkarna 'sunrise'. Bottom row: Bendigo Bank Bayswater Twilight Market. Following page L-R: Roxy Lane Theatre, Rotary Lift the Lid Walk, Orana House.

## Community contributions (continued)



Organisation	Outcome
55 Central	Grind and Grow coffee van/barista training program to provide new skills and employment
Bayswater Bowling and Recreation Club	Provide new bench seating around the club
Bayswater Community Men's Shed Inc	Purchase of a new panel saw
Bayswater Croquet Club (Inc)	Membership recruitment
Bayswater Primary School P&C	Father's Day raffle donation
Bayswater Toy Library	Boosting motor play through their Ready, Set, Play program
Bayswater Traders Association	Business and Community roundtable sponsorship
Bayswater Traders Association	Membership events sponsorship
Bedford Basketball Club	New sporting equipment
Bedford Community Church	To continue the Lunch and Lounge program by funding the catering for the rest of the year
City of Bayswater Community Art Awards	People's Choice Award Sponsorship (City of Bayswater Community Art Awards and Exhibition)
Dianella Weight Watchers Inc	Purchase of a new laptop and storage
Enviro House	Delivery of environmental projects including the Growing Well with Bendigo Bank program
Escabags	Stockist of Escabags for those escaping family and domestic violence
Future Bayswater Community Group	Funding of provisions for the Future Bayswater Community Pantry
Future Bayswater Community Group	Bendigo Bank Bayswater Twilight Markets Sponsorship
Hillcrest Primary School P&C	Carnival fundraiser raffle donation
John Forrest Secondary College Engineering Club	Building Robotics program
Laneway Artspace	Winterfest sponsorship
Local Arts & Community Events Inc	Maylands Street Festival - Bendigo Bank Family Zone sponsorship
Lord Mayor's Distress Relief Fund appeal	Mariginiup Bushfire Appeal donation
Maylands Historical and Peninsula Association	New community information board and signage
North Dianella Netball Club	Indigenous uniforms
Orana House	Employment of child advocate worker
Rotary	LIFT THE LID WALK for Mental Health - MAYLANDS donation
Roxy Lane Theatre	New stage curtains
Starick	Employment of Safe at Home outreach worker
West Australian Symphonic Wind Ensemble	Music storage upgrade
Youth Futures	Employment of transition manager



## Community contributions (continued)

### Scholarships

The Bayswater Community Financial Services Board has financially supported two young people with their university studies in 2024. We have also continued our funding support for a second year for Jesse Bernstein, our 2023 scholarship recipient. This brings our total up to 25 young people being able to further their tertiary education with our assistance.

When our Community Bank Bayswater WA Scholarship program was launched, it was because the Board believed local students deserved every opportunity to achieve their dreams.

An investment in education yields great long-term dividends and by helping young people gain access to tertiary education, the returns to the student, their families and the local community are significant.

The Community Bank Bayswater WA Scholarship program is a transformative undertaking that changes the lives of local students, strengthens communities for the long term and is a tangible example of the good that banking with us can achieve.

Our young people are our future, and we believe they deserve the best support possible to help forge their careers and achieve their dreams.

Our 2025 scholarship program will open on 1 December 2024 and we highly recommend interested parties to apply via our website [communitybankbayswater.smartygrants.com.au](https://communitybankbayswater.smartygrants.com.au) from this date.

Application will only be accepted online till the closing date on 31 January 2025.

Jesse is excelling in his cyber security major having used his scholarship towards the purchase of a new leading edge programming laptop and payment of the university student services and amenity fee. This has allowed him access to the university library, computer labs and virtual machines. This funding has allowed him freedom to focus on his studies and has contributed to his academic performance in his chosen field. He is confident that having secured a scholarship from us, we have helped him secure a path in the tech world.

Our current scholarship recipients, Katherine and Charli are vibrant, energetic individuals who, despite some challenges, have managed to rise above this and are committed to helping those less fortunate through their fundraising and volunteer activities which they have continued during university.

Jesse Bernstein	Bachelor of Computer Science
Katharine Whitehead	Bachelor of Science (Health)
Charli Brice	Bachelor of Science (Natural & Physical Sciences)



2024 scholarship recipients L to R: Jesse, Katharine and Charli

# Bendigo and Adelaide Bank report

For year ending 30 June 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

**Justine Minne**  
**Bendigo and Adelaide Bank**

# Community Bank National Council report

For year ending 30 June 2024



## 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**

# Directors' report

For the financial year ended 30 June 2024

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

## Directors

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



### Barry Anthony McKenna

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**Title:** Chair, non-executive director

**Experience and expertise:** Councillor for the City of Bayswater from May 1991 till October 2021. Barry was the Mayor of the City from October 2015 - October 2017.

**Special responsibilities:** Executive Committee



### Denise Gail Beer

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**Title:** Deputy Chair, non-executive director

**Experience and expertise:** Resident of Morley since 1977. Bachelor of Business in Management and Accounting. Employed in the not for profit sector in a variety of roles from 1985 until 2013. Denise has experience in operational aspects of community sector business including human resources, marketing and promotion, budgeting and compliance and tender writing.

**Special responsibilities:** Executive Committee



### Tadeusz Joseph Budzinski

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**Title:** Company Treasurer, non-executive director

**Experience and expertise:** Retired Director of Finance at the City of Bayswater, a role he held from 1989 to 2012. Ted extended this role to include Aged Care and Child Care facilities. Previous to his career at the City of Bayswater, Ted held various roles specialising in accountancy and financial management in the mining industry, wine industry and at Australia Post as well as being involved in numerous community groups including various charring roles.

**Special responsibilities:** Executive Committee

## Directors' report (continued)

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### Directors (continued)



#### Alan James Radford

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**Title:** Company Secretary, non-executive director

**Experience and expertise:** Retired from Telstra as a Principal Technical Officer after 33 years. Alan ran a small computer software and consulting business from 1995 till 2016 and served 4 terms (14 Years) as a Councillor for the City of Bayswater, completed last term in October 2017. Alan was a community board member of Noranda Primary School and also Hampton Park Primary School for 10 years. At present Alan is on the committee of the Noranda Probus Club and a member of the Noranda Sports Club.

**Special responsibilities:** Executive Committee, 83 Whatley Crescent Bayswater Committee (Chair), Represent the board on Bayswater Traders Association



#### Michael Stephen Anderton J.P

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**Title:** Non-executive director

**Experience and expertise:** Michael is the Company Director of Bayswater Community Financial Services Limited and the managing director of an insurance services company. He is also the past director of community groups and sporting organisations and is an active justice of the peace serving the communities of the Noranda and Morley areas.

**Special responsibilities:** Nil



#### Steven James Brown

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**Title:** Non-executive director

**Experience and expertise:** Steven is a lawyer and founder of the law firm Lynn and Brown Lawyers. He has worked as a lawyer at Lynn and Brown Lawyers since 1996. He has been a Director of Bayswater Community Financial Services Limited since 2005. He is a current member of the Trinity College Advisory Council and former president and life member of the Morley Business Association.

**Special responsibilities:** Stakeholder Engagement Committee



#### Gregory Da Rui

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**Title:** Non-executive director

**Experience and expertise:** Chairperson of Bayswater Trader's Association (Inc.), Executive Committee Member of the Future Bayswater community group and Branch Committee member of the Pharmacy Guild of Australia WA branch. Community Pharmacist in Bayswater for over 40 years, Proprienter Pharmacy 777 Bayswater and Pharmacy 777 Maylands. City of Bayswater Community Citizen of the Year 2024.

**Special responsibilities:** Stakeholder Engagement Committee



#### Louise Anne Rowe

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**Title:** Non-executive director

**Experience and expertise:** Louise is a media and communications expert with over 25 years' experience as a broadcast journalist and WA State Government media directorships with the Department of Corrective Services and Tourism WA. Currently I am the Executive Manager of Media, Marketing and PR at RSPCA WA. In my career I have worked with a diverse range of clients in a number of sectors including NFP, finance, aged care, state government and tourism.

**Special responsibilities:** Stakeholder Engagement Committee (Chair)

## Directors' report (continued)

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### Company secretary

The Company secretary is Alan Radford. Alan was appointed to the position of Company secretary on 6 December 2021.

### 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 \$964,626 (30 June 2023: \$1,058,345).

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 22.5 cents per share (2023: 17.5 cents)	257,614

### Significant changes in the state of affairs

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

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

### Matters subsequent to the end of the financial year

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

### Likely developments and expected results of operations

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

### Environmental regulation

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

## Directors' report (continued)

### Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2024, and the number of meetings attended by each director were:

	Board		Executive Committee		Stakeholder Engagement Committee		83 Whatley Crescent Bayswater Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Barry Anthony McKenna	11	10	6	5	-	-	1	1
Denise Gail Beer	11	10	6	6	-	-	1	1
Tadeusz Joseph Budzinski	11	9	6	6	-	-	1	1
Alan James Radford	11	10	6	4	-	-	1	1
Michael Stephen Anderton J.P	11	9	-	-	-	-	-	-
Steven James Brown	11	10	-	-	1	1	-	-
Gregory Da Rui	11	11	-	-	1	1	-	-
Louise Anne Rowe	11	10	-	-	1	1	-	-

### Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 and note 26 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 during the year	Balance at the end of the year
Barry Anthony McKenna	15,599	7,292	22,891
Denise Gail Beer	1,000	-	1,000
Tadeusz Joseph Budzinski	5,001	-	5,001
Alan James Radford	3,000	-	3,000
Michael Stephen Anderton J.P	8,000	-	8,000
Steven James Brown	3,001	-	3,001
Gregory Da Rui	23,762	1,602	25,364
Louise Anne Rowe	3,000	-	3,000

### 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.

## Directors' report (continued)

### 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.

### Remuneration report

This report details the nature and amount of remuneration for each director of the company for the next 3 years with 2023/24 also needing to be shown due to Bayswater Community Financial Services Ltd process of paying fees in advance.

#### Remuneration of directors

	2023/24	2024/25	2025/26	2026/27
Non-executive directors	8,225	9,225	10,225	11,225
x 8 directors sum	65,800	73,800	81,800	89,800

In addition to the sum stated for each non-executive director, the company will provide the additional sums for the following roles:

	2023/24	2024/25	2025/26	2026/27
Chair	6,300	6,300	6,300	6,300
Deputy Chair	4,725	4,725	4,725	4,725
Company Secretary	4,200	4,200	4,200	4,200
Treasurer	4,200	4,200	4,200	4,200
x 4 roles sum	19,425	19,425	19,425	19,425
Total remuneration	85,225	93,225	101,225	109,225

Superannuation guarantee will be paid on any the amounts payable to directors, where there is a statutory requirement to do so.

### Remuneration policy

The remuneration policy of the company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component.

The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain key management personnel to run and manage the company, as well as create alignment between Directors, Executives, and shareholders.

### Non-Executive Director remuneration

The company's special position as a for-profit, community-based company places particular restrictions on how it should remunerate its directors.

The Board's policy is to remunerate non-executive directors for their time, commitment, expertise, experience, and responsibilities that they have in performing their role.

Additionally, the company recognises the personal liability risk that each non-executive director of a public company bears and has considered this when determining the fees paid. The amount paid is determined by the Board.

Fees payable to each director over the last financial year and over the coming 3 years are as outlined.

Certain non-executive director roles have a further fee attaching to them as some compensation for the additional work and resources provided by those serving in these positions and are as outlined in the table provided.

Fees for non-executive directors are not linked to the performance of the company.



## Directors' report (continued)

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### 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 27 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



**Barry Anthony McKenna**  
Chair

27 August 2024

# Auditor's independence declaration



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

## Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Bayswater Community Financial Services Ltd

As lead auditor for the audit of Bayswater 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'.

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

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

**Adrian Downing**  
Lead Auditor

# Financial statements

## Bayswater 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	3,486,236	3,710,637
Other revenue	8	197,248	83,030
Finance revenue		87,302	27,365
Total revenue		<u>3,770,786</u>	<u>3,821,032</u>
Employee benefits expense	9	(1,540,222)	(1,427,019)
Advertising and marketing costs		(13,971)	(34,378)
Occupancy and associated costs		(66,683)	(56,048)
System costs		(23,295)	(22,590)
Depreciation and amortisation expense	9	(112,469)	(114,759)
Finance costs	9	(5,869)	(7,842)
General administration expenses		(179,939)	(186,883)
Fair value losses on financial assets		-	(14,400)
Total expenses before community contributions and income tax expense		<u>(1,942,448)</u>	<u>(1,863,919)</u>
<b>Profit before community contributions and income tax expense</b>		1,828,338	1,957,113
Charitable donations, sponsorships and grants expense	9	<u>(551,524)</u>	<u>(552,523)</u>
<b>Profit before income tax expense</b>		1,276,814	1,404,590
Income tax expense	10	<u>(312,188)</u>	<u>(346,245)</u>
<b>Profit after income tax expense for the year</b>		964,626	1,058,345
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u><u>964,626</u></u>	<u><u>1,058,345</u></u>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	29	84.25	92.44
Diluted earnings per share	29	84.25	92.44

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

## Financial statements (continued)

### Bayswater Community Financial Services Ltd Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	11	1,935,755	762,691
Trade and other receivables	12	354,211	387,306
Financial assets	13	344,700	257,700
Investments	14	200,000	950,000
Total current assets		<u>2,834,666</u>	<u>2,357,697</u>
<b>Non-current assets</b>			
Property, plant and equipment	15	1,186,594	1,209,418
Right-of-use assets	16	45,816	81,360
Intangibles assets	17	15,662	28,743
Deferred tax assets	10	65,254	75,742
Total non-current assets		<u>1,313,326</u>	<u>1,395,263</u>
<b>Total assets</b>		<u>4,147,992</u>	<u>3,752,960</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	104,133	133,482
Borrowings		119	112
Lease liabilities	19	46,231	43,439
Current tax liabilities	10	23,676	281,316
Employee benefits	20	239,344	217,215
Total current liabilities		<u>413,503</u>	<u>675,564</u>
<b>Non-current liabilities</b>			
Lease liabilities	19	7,973	53,642
Employee benefits	20	729	6,731
Provisions		32,833	31,081
Total non-current liabilities		<u>41,535</u>	<u>91,454</u>
<b>Total liabilities</b>		<u>455,038</u>	<u>767,018</u>
<b>Net assets</b>		<u>3,692,954</u>	<u>2,985,942</u>
<b>Equity</b>			
Issued capital	21	1,103,852	1,103,852
Retained earnings		2,589,102	1,882,090
<b>Total equity</b>		<u>3,692,954</u>	<u>2,985,942</u>

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

## Financial statements (continued)

### Bayswater Community Financial Services Ltd Statement of changes in equity For the year ended 30 June 2024

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2022</b>		1,103,852	1,024,112	2,127,964
Profit after income tax expense		-	1,058,345	1,058,345
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	1,058,345	1,058,345
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	23	-	(200,367)	(200,367)
<b>Balance at 30 June 2023</b>		<u>1,103,852</u>	<u>1,882,090</u>	<u>2,985,942</u>
<b>Balance at 1 July 2023</b>		1,103,852	1,882,090	2,985,942
Profit after income tax expense		-	964,626	964,626
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	964,626	964,626
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	23	-	(257,614)	(257,614)
<b>Balance at 30 June 2024</b>		<u>1,103,852</u>	<u>2,589,102</u>	<u>3,692,954</u>

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

## Financial statements (continued)

### Bayswater Community Financial Services Ltd Statement of cash flows For the year ended 30 June 2024

	Note	2024 \$	2023 \$
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		4,022,752	4,046,273
Payments to suppliers and employees (inclusive of GST)		(2,804,850)	(2,645,354)
Dividends received		18,600	16,650
Interest received		76,946	18,706
Interest and other finance costs paid		(237)	-
Income taxes paid		(559,341)	(119,763)
Net cash provided by operating activities	28	<u>753,870</u>	<u>1,316,512</u>
<b>Cash flows from investing activities</b>			
Redemption of/(investment in) term deposits		750,000	(600,000)
Payments for property, plant and equipment		(53,875)	(6,666)
Proceeds from disposal of property, plant and equipment		28,182	-
Net cash provided by/(used in) investing activities		<u>724,307</u>	<u>(606,666)</u>
<b>Cash flows from financing activities</b>			
Interest and other finance costs paid		(3,983)	(6,278)
Dividends paid	23	(257,614)	(200,367)
Repayment of lease liabilities		(43,516)	(41,221)
Net cash used in financing activities		<u>(305,113)</u>	<u>(247,866)</u>
Net increase in cash and cash equivalents		1,173,064	461,980
Cash and cash equivalents at the beginning of the financial year		<u>762,691</u>	<u>300,711</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>1,935,755</u></u>	<u><u>762,691</u></u>

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

# Notes to the financial statements

**30 June 2024**

## **Note 1. Reporting entity**

The financial statements cover Bayswater 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 14 King William Street, Bayswater WA 6053.

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.

### **Current and non-current classification**

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

## Notes to the financial statements (continued)

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### Note 3. Material accounting policy information (continued)

#### Investments

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

#### Impairment of financial assets

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

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

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

#### Impairment of non-financial assets

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

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

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

### Note 4. Critical accounting judgements, estimates and assumptions

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

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

#### Judgements

##### *Timing of revenue recognition associated with trail commission*

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



## Notes to the financial statements (continued)

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

#### *Allowance for expected credit losses on trade and other receivables*

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

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

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

#### *Fair value measurement hierarchy*

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period  
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market  
Level 3: unobservable inputs for the asset or liability.

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

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

#### *Impairment of non-financial assets*

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

#### *Lease term*

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

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

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

## Notes to the financial statements (continued)

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

#### Estimates and assumptions

##### *Estimation of useful lives of assets*

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

##### *Incremental borrowing rate*

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

##### *Employee benefits provision*

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

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

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

### Note 5. Economic dependency

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

## Notes to the financial statements (continued)

### Note 5. Economic dependency (continued)

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

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

### Note 6. Change to comparative figures

#### *Classification of term deposits*

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

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating 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 \$950,000 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 \$352,893.

### Note 7. Revenue from contracts with customers

	2024	2023
	\$	\$
Margin income	3,178,863	3,286,841
Fee income	220,639	184,489
Commission income	86,734	78,673
Remediation fee income	-	160,634
	<u>3,486,236</u>	<u>3,710,637</u>

## Notes to the financial statements (continued)

### Note 7. Revenue from contracts with customers (continued)

#### *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.

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.

#### *Remediation fee income*

Remediation payment relates to a one-off payment made by Bendigo Bank for missed fee income for any Retirement Living aged Care lending referrals the company was entitled to receive for the preceding 7 years.

#### *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.

## Notes to the financial statements (continued)

### Note 7. Revenue from contracts with customers (continued)

#### *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	87,000	-
Dividend and distribution income	18,600	16,650
Rental income	60,486	47,978
Other income	31,162	18,402
	<u>197,248</u>	<u>83,030</u>

### Note 9. Expenses

#### Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	1,304,798	1,207,461
Non-cash benefits	18,706	18,458
Contributions to defined contribution plans	145,833	132,082
Expenses related to long service leave	1,601	12,235
Other expenses	69,284	56,783
	<u>1,540,222</u>	<u>1,427,019</u>

## Notes to the financial statements (continued)

### Note 9. Expenses (continued)

#### Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Buildings	2,344	2,344
Leasehold improvements	39,271	39,270
Plant and equipment	10,141	10,169
Motor vehicles	10,939	13,736
	<u>62,695</u>	<u>65,519</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>36,693</u>	<u>36,159</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,180	2,180
Franchise renewal fee	10,901	10,901
	<u>13,081</u>	<u>13,081</u>
	<u>112,469</u>	<u>114,759</u>

#### Finance costs

	2024 \$	2023 \$
Bank loan interest paid or accrued	244	6
Lease interest expense	3,983	6,278
Unwinding of make-good provision	1,642	1,558
	<u>5,869</u>	<u>7,842</u>

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

#### Charitable donations, sponsorships and grants expense

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	51,524	52,523
Contribution to the Community Enterprise Foundation™ (CEF)	500,000	500,000
	<u>551,524</u>	<u>552,523</u>

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

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

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

## Notes to the financial statements (continued)

### Note 9. Expenses (continued)

#### Community Enterprise Foundation™ contributions

	2024 \$	2023 \$
<i>Disaggregation of CEF funds</i>		
Opening balance	735,614	556,845
Contributions paid in	500,000	500,000
Grants paid out	(243,000)	(307,850)
Interest received	28,088	11,617
Management fees incurred	(24,998)	(24,998)
	<u>995,704</u>	<u>735,614</u>
Balance available for distribution	<u>995,704</u>	<u>735,614</u>

During the financial year the company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations, sponsorships and grants expenditure included in the Statement of Profit or Loss and Other Comprehensive Income.

### Note 10. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Current tax	311,139	360,168
Movement in deferred tax	10,488	(6,787)
Under/over adjustment in respect for prior periods	(1,468)	-
Net benefit of franking credits on dividends received	(7,971)	(7,136)
	<u>312,188</u>	<u>346,245</u>
Aggregate income tax expense	<u>312,188</u>	<u>346,245</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>1,276,814</u>	<u>1,404,590</u>
Tax at the statutory tax rate of 25%	319,204	351,148
Tax effect of:		
Non-deductible expenses	430	449
Other assessable income	1,993	1,784
Net benefit of franking credits on distributions received	(7,971)	(7,136)
	<u>313,656</u>	<u>346,245</u>
Under/over adjustment in respect for prior periods	(1,468)	-
Income tax expense	<u>312,188</u>	<u>346,245</u>

## Notes to the financial statements (continued)

### Note 10. Income tax (continued)

	2024 \$	2023 \$
<i>Deferred tax assets / (liabilities)</i>		
Employee benefits	60,018	55,987
Provision for lease make good	8,208	7,770
Accrued expenses	1,101	1,050
Income accruals	(4,965)	(2,376)
Lease liabilities	13,551	24,270
Right-of-use assets	(11,454)	(20,340)
Property, plant and equipment	10,965	6,125
Financial assets at fair value through profit or loss	(8,749)	13,002
Prepayments	(3,421)	(9,746)
	<u>65,254</u>	<u>75,742</u>
Deferred tax asset	<u>65,254</u>	<u>75,742</u>
	2024 \$	2023 \$
Provision for income tax	<u>23,676</u>	<u>281,316</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.

#### *Accounting policy for deferred tax*

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

### Note 11. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	<u>1,935,755</u>	<u>762,691</u>

### Note 12. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	<u>318,672</u>	<u>331,844</u>
Other receivables and accruals	1,995	6,879
Accrued income	19,859	9,503
Prepayments	<u>13,685</u>	<u>39,080</u>
	<u>35,539</u>	<u>55,462</u>
	<u>354,211</u>	<u>387,306</u>



## Notes to the financial statements (continued)

### Note 12. Trade and other receivables (continued)

#### *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. Financial assets

	2024 \$	2023 \$
Equity securities - designated at fair value through profit or loss	<u>344,700</u>	<u>257,700</u>

#### *Accounting policy for financial assets*

Refer to note 24 'Financial risk management'

### Note 14. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	<u>200,000</u>	<u>950,000</u>

### Note 15. Property, plant and equipment

	2024 \$	2023 \$
Land - at cost	<u>893,711</u>	<u>893,711</u>
Buildings - at cost	149,660	149,660
Less: Accumulated depreciation	<u>(13,679)</u>	<u>(11,335)</u>
	135,981	138,325
Leasehold improvements - at cost	509,988	509,988
Less: Accumulated depreciation	<u>(460,281)</u>	<u>(421,010)</u>
	49,707	88,978
Plant and equipment - at cost	260,273	258,267
Less: Accumulated depreciation	<u>(231,288)</u>	<u>(221,147)</u>
	28,985	37,120
Motor vehicles - at cost	93,083	80,586
Less: Accumulated depreciation	<u>(14,873)</u>	<u>(29,302)</u>
	78,210	51,284
	<u>1,186,594</u>	<u>1,209,418</u>

## Notes to the financial statements (continued)

### Note 15. 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:

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	949,611	84,769	128,248	40,623	65,020	1,268,271
Additions	-	-	-	6,666	-	6,666
Transfers in/(out)	(55,900)	55,900	-	-	-	-
Depreciation	-	(2,344)	(39,270)	(10,169)	(13,736)	(65,519)
Balance at 30 June 2023	893,711	138,325	88,978	37,120	51,284	1,209,418
Additions	-	-	-	2,006	51,869	53,875
Disposals	-	-	-	-	(14,004)	(14,004)
Depreciation	-	(2,344)	(39,271)	(10,141)	(10,939)	(62,695)
Balance at 30 June 2024	<u>893,711</u>	<u>135,981</u>	<u>49,707</u>	<u>28,985</u>	<u>78,210</u>	<u>1,186,594</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:

Leasehold improvements	5 to 20 years
Plant and equipment	2.5 to 40 years
Motor vehicles	5 years
Buildings	40 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 16. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	192,000	190,851
Less: Accumulated depreciation	(146,184)	(109,491)
	<u>45,816</u>	<u>81,360</u>

## Notes to the financial statements (continued)

### Note 16. 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	117,519
Depreciation expense	<u>(36,159)</u>
Balance at 30 June 2023	81,360
Remeasurement adjustments	1,149
Depreciation expense	<u>(36,693)</u>
Balance at 30 June 2024	<u><u>45,816</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 19 for more information on lease arrangements.

### Note 17. Intangibles assets

	2024 \$	2023 \$
Franchise fee	178,682	178,682
Less: Accumulated amortisation	<u>(174,748)</u>	<u>(172,568)</u>
	3,934	6,114
Franchise renewal fee	54,505	54,505
Less: Accumulated amortisation	<u>(42,777)</u>	<u>(31,876)</u>
	11,728	22,629
	<u><u>15,662</u></u>	<u><u>28,743</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	8,294	33,530	41,824
Amortisation expense	<u>(2,180)</u>	<u>(10,901)</u>	<u>(13,081)</u>
Balance at 30 June 2023	6,114	22,629	28,743
Amortisation expense	<u>(2,180)</u>	<u>(10,901)</u>	<u>(13,081)</u>
Balance at 30 June 2024	<u><u>3,934</u></u>	<u><u>11,728</u></u>	<u><u>15,662</u></u>

## Notes to the financial statements (continued)

### Note 17. Intangibles 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)	September 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2025

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

### Note 18. Trade and other payables

	2024 \$	2023 \$
Trade payables	10,743	5,471
Other payables and accruals	93,390	128,011
	<u>104,133</u>	<u>133,482</u>
	<b>2024</b> \$	<b>2023</b> \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	104,133	133,482
less other payables and accruals (net GST payable to the ATO)	<u>(29,745)</u>	<u>(36,182)</u>
	<u>74,388</u>	<u>97,300</u>

### Note 19. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Property lease liabilities	<u>46,231</u>	<u>43,439</u>
<i>Non-current liabilities</i>		
Property lease liabilities	<u>7,973</u>	<u>53,642</u>

## Notes to the financial statements (continued)

### Note 19. Lease liabilities (continued)

#### Reconciliation of lease liabilities

	2024 \$	2023 \$
Opening balance	97,081	138,302
Remeasurement adjustments	639	-
Lease interest expense	3,983	6,278
Lease payments - total cash outflow	(47,499)	(47,499)
	<u>54,204</u>	<u>97,081</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.

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
Bayswater Branch	5.25%	5 years	N/A	N/A	September 2025

### Note 20. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	114,156	99,627
Long service leave	125,188	117,588
	<u>239,344</u>	<u>217,215</u>
<i>Non-current liabilities</i>		
Long service leave	<u>729</u>	<u>6,731</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 expected when the leave is taken and is measured at the rates paid or payable.

#### Accounting policy for other long-term employee benefits

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

## Notes to the financial statements (continued)

### Note 20. Employee benefits (continued)

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

### Note 21. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	1,144,952	1,144,952	1,144,952	1,144,952
Less: Equity raising costs	-	-	(6,100)	(6,100)
Less: Return of capital	-	-	(35,000)	(35,000)
	<u>1,144,952</u>	<u>1,144,952</u>	<u>1,103,852</u>	<u>1,103,852</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.

##### 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").

## Notes to the financial statements (continued)

### Note 21. Issued capital (continued)

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 22. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board of directors 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 23. Dividends

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

	2024	2023
	\$	\$
Fully franked dividend of 22.5 cents per share (2023: 17.5 cents)	<u>257,614</u>	<u>200,367</u>

## Notes to the financial statements (continued)

### Note 23. Dividends (continued)

#### Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	597,292	537,182
Franking credits (debits) arising from income taxes paid (refunded)	559,341	119,763
Franking debits from the payment of franked distributions	(85,871)	(66,789)
Franking credits from franked distributions received	7,971	7,136
	<u>1,078,733</u>	<u>597,292</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	1,078,733	597,292
Franking credits (debits) that will arise from payment (refund) of income tax	23,676	281,316
Franking credits available for future reporting periods	<u>1,102,409</u>	<u>878,608</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 24. 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.



## Notes to the financial statements (continued)

### Note 24. Financial risk management (continued)

	2024 \$	2023 \$
<b>Financial assets</b>		
Trade and other receivables (note 12)	340,526	341,347
Cash and cash equivalents (note 11)	1,935,755	762,691
Investments (note 14)	200,000	950,000
Financial assets (note 13)	344,700	257,700
	<u>2,820,981</u>	<u>2,311,738</u>
<b>Financial liabilities</b>		
Trade and other payables (note 18)	74,388	97,300
Lease liabilities (note 19)	54,204	97,081
Bank loans	119	112
	<u>128,711</u>	<u>194,493</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.

#### **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 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 \$1,935,755 and term deposits of \$200,000 at 30 June 2024 (2023: cash equivalents of \$762,691, term deposits of \$950,000).

## Notes to the financial statements (continued)

### Note 24. Financial risk management (continued)

Interest-bearing liabilities are held with Bendigo Bank and interest on those are subject to movements in market interest rates. The company held borrowings of \$119 at 30 June 2024 (2023: \$112).

#### Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
<b>2024</b>						
Equity securities	10%	34,470	-	(10%)	(34,470)	-
<b>2023</b>						
Equity securities	10%	25,770	-	(10%)	(25,770)	-

#### 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 \$
<b>2024</b>				
Bank loans	119	-	-	119
Trade and other payables	104,133	-	-	104,133
Lease liabilities	47,500	8,444	-	55,944
Total non-derivatives	151,752	8,444	-	160,196
<b>2023</b>				
Bank loans	112	-	-	112
Trade and other payables	133,482	-	-	133,482
Lease liabilities	47,500	55,417	-	102,917
Total non-derivatives	181,094	55,417	-	236,511

## Notes to the financial statements (continued)

### Note 25. Key management personnel disclosures

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

Barry Anthony McKenna	Michael Stephen Anderton J.P
Denise Gail Beer	Steven James Brown
Tadeusz Joseph Budzinski	Gregory Da Rui
Alan James Radford	Louise Anne Rowe

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

#### *Compensation*

Key management personnel compensation comprised the following.

	2024	2023
	\$	\$
Short-term employee benefits	98,750	90,150
Post-employment benefits	9,375	8,109
	<u>108,125</u>	<u>98,259</u>

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

### Note 26. Related party transactions

#### *Key management personnel*

Disclosures relating to key management personnel are set out in note 25.

#### *Receivable from and payable to related parties*

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

#### *Terms and conditions of transactions with related parties*

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

#### *Transactions with related parties*

The following transactions occurred with related parties:

	2024	2023
	\$	\$
Greg Da Rui supplied hand sanitizer, Flu vaccinations and supplies for COVID protection. The total benefit received was:	-	130

## Notes to the financial statements (continued)

### Note 27. 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	7,450	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	900	660
General advisory services	2,965	3,885
Share registry services	11,589	9,718
	<u>15,454</u>	<u>14,263</u>
	<u>22,904</u>	<u>19,663</u>

### Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	964,626	1,058,345
Adjustments for:		
Depreciation and amortisation	112,469	114,759
Net gain on disposal of non-current assets	(14,178)	-
(Increase)/decrease in fair value of equity instruments designated at FVTPL	(87,000)	14,400
Lease liabilities interest	3,983	6,278
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	33,095	(145,177)
Decrease/(increase) in deferred tax assets	10,488	(6,787)
Increase/(decrease) in trade and other payables	(29,742)	16,252
Increase/(decrease) in provision for income tax	(257,640)	233,269
Increase in employee benefits	16,127	23,614
Increase in other provisions	1,642	1,559
Net cash provided by operating activities	<u>753,870</u>	<u>1,316,512</u>

### Note 29. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>964,626</u>	<u>1,058,345</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,144,952</u>	<u>1,144,952</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>1,144,952</u>	<u>1,144,952</u>

## Notes to the financial statements (continued)

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### Note 29. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	84.25	92.44
Diluted earnings per share	84.25	92.44

### Note 30. Commitments

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

### Note 31. Contingencies

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

### Note 32. Events after the reporting period

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

# Directors' declaration

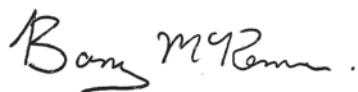
**30 June 2024**

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with the Accounting Standard *AASB 124 Related Party Disclosures* and the *Corporation Regulations 2001*
- 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



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Barry Anthony McKenna  
Chair

27 August 2024

# Independent audit report



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

## Independent auditor's report to the Directors of Bayswater Community Financial Services Ltd

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Bayswater 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 Bayswater Community Financial Services Ltd, is in accordance with the *Corporations Act 2001*, including:

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

#### Basis for Opinion

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

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

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



Andrew Frewin Stewart  
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## Other Information

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

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

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

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

## Responsibilities of the Directors for the Financial Report

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

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

## Auditor's responsibilities for the Audit of the Financial Report

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





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

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', written over a light blue horizontal line.

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

A handwritten signature in black ink, appearing to read 'Adrian Downing', written over a light blue horizontal line.

**Adrian Downing**  
Lead Auditor

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 **Bendigo Bank**