Annual Report 2024

Berowra & District Financial Services Limited

Community Bank
Berowra & District

ABN 62 116 755 938

Contents

Chairman’s report

For year ending 30 June 2024

It is my pleasure as the Chairman of Berowra & District Financial Services Limited to report on what has been another strong year for the company. We continue to see the growth in the resilience of the business in a challenging operating and competitive environment.

The cash position of the branch improved again dramatically from a surplus of $43k to $254k which is a remarkable turnaround over the three years from FY21 where the company had a -$463k deficit in cash. This $717k increase in cash in three years is almost as much as shareholders original investment of $759k, providing an average cash return on equity over the three years of over 30%.

This has placed the company in the position it has sought to be for many years and can now look to be the asset to the Community and Shareholders that was hoped at founding.

People

Our business remains dependent on the skills and commitment of our branch team lead by Namrata Kaushal to keep customers coming back.

During the year we had a chance to rethink our team when Sara Salavati left in December, choosing to replace the full time CSO role with two part time CRO roles which increased our ability to service loan products. Elizabeth Vu and Clarie Chalke joined the team and with our experienced CSO Sue Gorham continued to deliver for customers who came to the branch.

Sneha Patel our CRM was our lead lender during the year and despite personal health issues was able to provide support for customers seeking loans, including the NSW home equity scheme customers with the additional challenges the scheme created.

We had a new director join the board this year, welcome to Di Finch who many may know as a local realtor for Stone Real estate. Di has provided a much needed injection of energy and knowhow for the board when it comes to local marketing and community engagement. Thank you also to our continuing directors Steve Hitchcock, Bruce Waterhouse, Greg Steptoe, and Robert Wawrzyniak, who have all provided great support to the business as volunteer directors over the year.

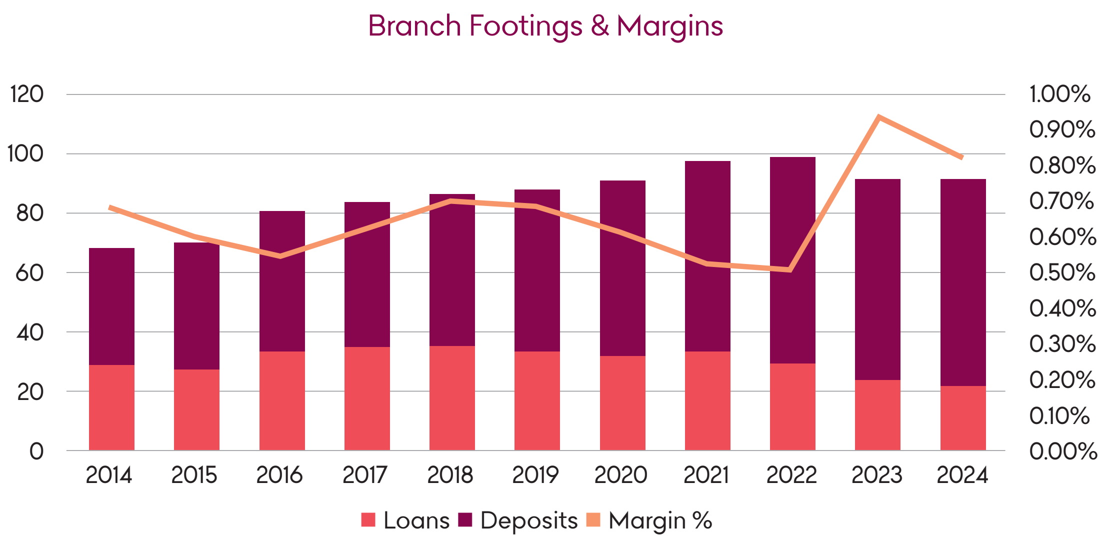
Operating results

The business made a profit of $179,958 this year, another stellar performance but below last year’s profit of $292,054. Cash on hand improved by $211,240 to a balance at yearend of $253,901 providing financial strength to head into the new year.

Income for the branch fell -13.7% from the prior year due to lower margins. Branch footing (total of deposits and loans from customers) was flat but the average margin on those footings fell -12.3% to 83 basis points. This is still high by historical standards as the below graph shows, but well down on 2023 average margins which were 95 basis points.

Operating expenses increased by 4.2% or $22,637 due to rent increases and increased staff costs from fewer position gaps. Tax expense was lower at $60,263 due to lower profit and as with last year’s profit the company remained in a tax loss position, so no tax was paid which is why cash improved more than profit.

FY24 was a very stable year from an income perspective, margins were very similar throughout the year as the RBA held rates generally steady. The high rates and highly competitive home loan market resulted in the loan book going backwards -$1.9m (-8.0%), but this was made up with deposit growth of +$1.9m (+2.8%) which is a strong result as households start to draw down on savings.



At current margins and footings, we have a steady profitable business. However, with 76% of our footings being deposits we are currently benefiting from the much higher margin that deposits provide compared to lower margins with loans. Hence, we continue to seek growth in our loan book to avoid the business being dependent on margins for deposits which are likely to drop once the RBA starts reducing interest rates sometime in the future.

Community engagement

The branch continues to support the community through the provision of banking services to local businesses, clubs, schools and residents. The branch also provides many other non-banking services to clubs and schools in the local area including use of the branch for fundraising, notices and collection points, as well as marquees for events.

Furthermore, we support local clubs and schools with funding and sponsorship in return for their support and promotion of our branch. Spending on charitable donations and sponsorships in 2023-24 was $11,707 which is up from last years $6,922 but well below where we need to be as a community bank.

This is set to change in the coming year, now that we have a solid positive cash balance to support the viability of the branch. Our ability to invest back into the community now will encourage growth as we see a virtuous circle occurring with increased community contributions driving increased business and profits, which due to limited financial resources has not been an option in recent years.

Our partnership

We are fortunate to have Bendigo Bank as our partner, the most trusted banking brand in Australia. We continue to work closely with them on ways to improve our customer experience and grow the business.

On a local level we have had the support of our regional manager, Ruchir Pandey. Ruchir and numerous other staff in Bendigo Bank provide critical business support for daily operations and ad hoc operational services that we would either go without or cost more than the business could afford.

Shareholders

I am very happy to be able to report another significant profit this year; and that the company is now on a solid financial footing. It has been a long journey for you all and the last five years have been particularly difficult to endure as the business has faced extremely challenging conditions.

The board is focused on providing you long term value and is always mindful that you have waited far too long to benefit from the business. We thank you for your support and patience.

The faster we grow the business, the more profitable it will be and with a secure financial position we can begin to pay a dividend. Using the branch for your personal and business banking as well as encouraging others to do so helps us grow and will speed up our path to being able to issue dividends.

Outlook

As I write this the Federal Reserve in the US has just reduced rates by 50 basis points, the largest drop in 14 year and the first since the post Covid rate hikes. The RBA is not expected to follow for some time, however economic conditions in Australia are soft at best, so that expectation could change sooner rather than later.

A rate drop would be a double edge sword, lending is likely to be easier, but margins on our deposits (most of our business) will fall. So short term it would lower profits but may benefit long term.

Currently we are planning for another profitable year and to grow footings on similar margins to FY24. We are ramping up our investment into the community to grow the business, something that has been very challenging to do without this investment in prior years.

The board will continue to monitor the business and market and react as needed. Always with a view to improving the long-term value to shareholders and the community.

Conclusion

It is great to finally deliver some company financial resilience to shareholders and the community that provides an opportunity to deliver on the benefits hoped for at the branches founding. A strong profit and cash position is a great position to be in.

From here we need to grow the footings and it's by growing engagement with the community we hope to do that and lock in profitability. Thank you, shareholders, for your patience which we look forward to rewarding in the near future.

On behalf of the board and staff I would like to thank those of our shareholders who bank with us for your continued support and ask those that don't, to give the Community Bank in Berowra a go. You have invested in this business and your support as a customer and advocate of Community Bank Berowra & District remains vital in ensuring our growing success.

This year's Annual General meeting will be held in person, so I look forward to seeing you in all then.

Details of this meeting are outlined in the Notice of Meeting posted to Shareholders.

I look forward to updating you further at the AGM.

Thomas Collins
Chairman

Manager's report

For year ending 30 June 2024

We saw another good year here at Community Bank Berowra & District all thanks to our customers who have shown their trust and faith in us by continuing to bank with us, and to our hard-working team who try to provide the best service to our customers by keeping customers' best interest at heart.

Our customer base is increasing as I see more and more community groups, small to medium size businesses and individual customers are starting to bank with us. This is all due to our customer advocacy.

We give back to our community by supporting local sports groups, charitable organizations, schools and events etc by monetary sponsorships. It gives me great pleasure to say that this financial year we have pledged to increase monetary support compared to previous years.

Amongst many ways that Bendigo Bank supports the community, our biggest point of difference is our traditional ways of banking for many customers who still like to go to a branch to do their everyday banking. Our digital banking platform for people who want to do banking in their own convenience is just as impressive. Our new and existing customers can apply for all sorts of banking products online suitable to their needs.

With a community focused business structure and great customer service, in September 2024, Bendigo Bank has once again been named most trusted bank in Australia by research house Roy Morgan for the tenth consecutive quarter.

I would like to take this opportunity to bring light to the recent increase in scams. Please be vigilant when responding to a known or unknown email, message or call. Never to give your personal details, access to your device/s, passwords, one-time password, etc. Your bank will never ask you to transfer money out of your account. If in doubt, always contact your bank to confirm authenticity.

I congratulate and thank the whole Community Bank Berowra & District team – Sue Gorham, Elizabeth Vu, Claire Chalke and Sneha Patel for their part in Branch activities that have led us to a successful year. I also would like to thank the Board for their support as well as our Regional Manager - Ruchir Pandey for his ongoing support.

Thanking you,

Branch Manager
Nam Kaushal

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

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:

Thomas Zachary Collins

Title:	Non-executive director
Experience and expertise:	Thomas is CFO of Esfam Biotech and runs a private investment business, with a 25 year career in financial management as a Global Chartered Management Accountant with companies including Price Waterhouse Coopers, Volvo, Pacific Brands, Coleman Brands, Pure Fishing Australia and Jarden Australia. He has lived in Mt Kuring-gai for 20 years and supported the community, serving in the Mt Ku-ring-gai RFS Brigade, managed and coached for the Mt Colah Colts Football Club and his children attend Mt Kuring-gai public school.
Special responsibilities:	Chairman and Treasurer

Bruce John Waterhouse

Title:	Non-executive director
Experience and expertise:	Bruce is now retired but worked in the financial industry for 32 years, followed by 10 years in sports administration. He has been employed by Royal Agricultural Society of NSW on a casual basis for 42 years. He has been involved in football as a player, coach and official for almost 60 years. He is a life member of Berowra Football Club as well as Lindfield Football Club and Northern Suburbs Football Association.
Special responsibilities:	Audit & Finance Committee

Gregory Stephen Steptoe

Title:	Non-executive director
Experience and expertise:	Gregory is a retired Public Service Administrator, a Justice of the Peace, and is a life member and past Treasurer of the Berowra Football Club.
Special responsibilities:	Assistant to Treasurer

Robert Jan Wawrzyniak

Title:	Non-executive director
Experience and expertise:	Robert is now retired and has over 40 years experience in Banking and Finance and has held Senior Executive roles with both retail and institutional banks. Robert has been a member of the NSW Rural Fire Service for over 10 years and is currently an Officer with the Hornsby Heights Brigade. Robert hold a Bachelor of Commerce, MBA, CPA, FFIN.
Special responsibilities:	Risk Committee

Directors (continued)

Stephen Hitchcock

Title:	Non-executive director
Experience and expertise:	Steve has spent his entire career in financial services, predominantly in the life insurance industry. His experience includes actuarial, marketing, product management, underwriting, claims, compliance and risk management. Steve attained General Manager and Chief Operating Officer roles at TAL, InsuranceLine and NobleOak. Over the last 10 years, Steve has successfully run his own management consultancy business. He is a qualified actuary, certified compliance professional and member of the Australian Institute of Company Directors.
Special responsibilities:	Nil

Dianne Rose Finch

Title:	Non-executive director (appointed 1 June 2024)
Experience and expertise:	Dianne started as a Legal Manager for a Mercantile company in their Dept Recovery Department and later built her first home in the Southern Highlands. Moving into the area she found a position as Legal Secretary for a local legal firm managing their Debt Recovery department and expanding to Conveyancing, enjoying the opportunity to work with Torrens Title properties but also had the opportunity to work on Old System, which introduced her to Real Estate. After raising her family, she joined a family-owned Agency on the Northern Beaches and worked for several years in property management progressed to managing their Commercial portfolio and then on the residential sales. Dianne and her family moved to Mt Kuring-gai in 2009 and joined a local Agency in Hornsby with her husband Dean. Thereafter obtained her Class 1 License as a Real Estate Agent and formed their own company selling residential homes, marketing for her clients and business marketing, accounts and on-going training.
Special responsibilities:	Nil

Company secretary

There have been two company secretaries holding the position during the financial year:

- Joy Lenore Rollason was appointed as company secretary on 2 November 2023.
- Robert Jan Wawrzyniak was appointed as interim company secretary on 27 June 2023 and ceased on 2 November 2023.

Experience and expertise:	Joy holds a bachelor's degree in Information Services (Librarianship), a graduate diploma in Applied Corporate Governance and a diploma in Project Management. She has more than twenty years of company secretarial experience with unlisted public companies.

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 $179,958 (30 June 2023: $292,054).

Operations have continued to perform in line with expectations.

Dividends

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

Significant changes in the state of affairs

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

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Thomas Zachary Collins	11	11
Bruce John Waterhouse	11	10
Gregory Stephen Steptoe	11	11
Robert Jan Wawrzyniak	11	7
Stephen Hitchcock	11	8
Dianne Rose Finch	1	1

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

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

Directors' interests

No director of the company has a shareholding in the company.

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 and up to the date of this report.

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Thomas Zachary Collins
Chairman

19 September 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 Berowra & District Financial Services Limited

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 September 2024

Lachlan Tatt
Lead Auditor

Financial statements

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

	Note	2024 $	2023 $
Revenue from contracts with customers	7	799,837	910,743
Other revenue		4,537	22,945
Total revenue		804,374	933,688
Employee benefits expense	8	(345,523)	(314,136)
Advertising and marketing costs		(3,027)	(3,147)
Occupancy and associated costs		(17,803)	(19,030)
System costs		(16,541)	(14,814)
Depreciation and amortisation expense	8	(103,499)	(95,215)
Finance costs	8	(15,084)	(27,181)
General administration expenses		(50,969)	(61,071)
Total expenses before community contributions		**(552,446)**	**(534,594)**
Profit before community contributions and income tax expense		251,928	399,094
Charitable donations and sponsorships expense		(11,707)	(6,922)
Profit before income tax expense		**240,221**	**392,172**
Income tax expense	9	(60,263)	(100,118)
Profit after income tax expense for the year		**179,958**	**292,054**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**179,958**	**292,054**
		Cents	**Cents**
Basic earnings per share	27	23.70	38.46
Diluted earnings per share	27	23.70	38.46

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

Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	153,901	42,661
Trade and other receivables	11	80,121	86,746
Investments	12	100,000	-
Total current assets		**334,022**	**129,407**
Non-current assets			
Property, plant and equipment	13	48,351	65,867
Right-of-use assets	14	155,654	204,295
Intangible assets	15	28,441	43,756
Deferred tax assets	9	159,856	220,119
Total non-current assets		**392,302**	**534,037**
Total assets		**726,324**	**663,444**
Liabilities			
Current liabilities			
Trade and other payables	16	82,012	94,961
Lease liabilities	17	110,074	92,693
Employee benefits		10,110	18,665
Total current liabilities		**202,196**	**206,319**
Non-current liabilities			
Trade and other payables	16	15,166	30,332
Lease liabilities	17	124,471	224,173
Employee benefits		1,974	1,954
Lease make good provision	18	41,026	39,133
Total non-current liabilities		**182,637**	**295,592**
Total liabilities		**384,833**	**501,911**
Net assets		**341,491**	**161,533**
Equity			
Issued capital	19	728,537	728,537
Accumulated losses		(387,046)	(567,004)
Total equity		**341,491**	**161,533**

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

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

	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2022	**728,537**	**(859,058)**	**(130,521)**
Profit after income tax expense	-	292,054	292,054
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	**-**	**292,054**	**292,054**
Balance at 30 June 2023	**728,537**	**(567,004)**	**161,533**
Balance at 1 July 2023	**728,537**	**(567,004)**	**161,533**
Profit after income tax expense	-	179,958	179,958
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	**-**	**179,958**	**179,958**
Balance at 30 June 2024	**728,537**	**(387,046)**	**341,491**

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

Statement of cash flows
For the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		892,399	999,647
Payments to suppliers and employees (inclusive of GST)		(556,126)	(468,950)
Interest and other finance costs paid		-	(8,645)
Net cash provided by operating activities	**26**	**336,273**	**522,052**
Cash flows from investing activities			
Payments for investments		(100,000)	-
Payments for property, plant and equipment		(1,969)	-
Payments for intangible assets		(13,787)	(27,574)
Net cash used in investing activities		**(115,756)**	**(27,574)**
Cash flows from financing activities			
Interest and other finance costs paid		(13,204)	(16,709)
Repayment of lease liabilities		(96,073)	(74,109)
Net cash used in financing activities		**(109,277)**	**(90,818)**
Net increase in cash and cash equivalents		111,240	403,660
Cash and cash equivalents at the beginning of the financial year		42,661	(360,999)
Cash and cash equivalents at the end of the financial year	**10**	**153,901**	**42,661**

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

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Reporting entity

The financial statements cover Berowra & District Financial Services Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 9, 1C Turner Road, Berowra Heights NSW 2082.

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 19 September 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.

Note 3. Material accounting policy information (continued)

Current and non-current classification

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

Investments

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

Impairment of financial assets

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

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

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

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

Allowance for expected credit losses on trade and other receivables

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

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

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

Impairment of non-financial assets

The company assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. 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.

Going concern

At each reporting date management must asses the company's ability to continue as a going concern are appropriate. Management's decision will be underpinned by assumptions and judgements about future events.

Recovery of deferred tax assets

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

Lease term

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

The company 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.

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

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.

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in September 2026.

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

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

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

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

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

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

Note 6. Change to comparative figures

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

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

Note 6. Change to comparative figures (continued)

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 $651,721.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	754,292	857,993
Fee income	37,681	41,518
Commission income	7,864	11,232
	799,837	**910,743**

Accounting policy for revenue from contracts with customers

The company has entered into a franchise agreement with Bendigo Bank. The company delivers banking and financial services of Bendigo Bank to its community. The franchise agreement provides for a share of interest, fee, and commission revenue earned by the company. Interest margin share is based on a funds transfer pricing methodology which recognises that income is derived from deposits held, and that loans granted incur a funding cost. Fees are based on the company's current fee schedule and commissions are based on the agreements in place. All margin revenue is recorded as non-interest income when the company's right to receive the payment is established.

The company acts as an agent under the franchise agreement and revenue arises from the rendering of services through its franchise agreement.

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement, as follows:

Revenue stream	Includes	Performance obligation	Timing of recognition
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

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.

Note 7. Revenue from contracts with customers (continued)

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	302,002	278,850
Superannuation contributions	33,797	27,513
Expenses related to long service leave	20	1,917
Other expenses	9,704	5,856
	345,523	**314,136**

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	16,344	16,871
Plant and equipment	3,141	2,784
	19,485	**19,655**
Depreciation of right-of-use assets		
Leased land and buildings	**68,699**	**60,889**
Amortisation of intangible assets		
Franchise fee	2,555	2,006
Franchise renewal fee	12,760	12,665
	15,315	**14,671**
	103,499	**95,215**

Note 8. Expenses (continued)

Finance costs

	2024 $	2023 $
Bank overdraft interest paid or accrued	-	8,645
Lease interest expense	13,204	16,709
Unwinding of make-good provision	1,880	1,827
	15,084	**27,181**

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

Leases recognition exemption

	2024 $	2023 $
Expenses relating to low-value leases	**5,225**	**5,307**

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Movement in deferred tax	7,946	2,848
Under/over adjustment	-	1,959
Recoupment of prior year tax losses	52,317	95,311
Aggregate income tax expense	**60,263**	**100,118**
Prima facie income tax reconciliation		
Profit before income tax expense	**240,221**	**392,172**
Tax at the statutory tax rate of 25%	60,055	98,043
Tax effect of:		
Non-deductible expenses	208	116
	60,263	**98,159**
Under/over adjustment	-	1,959
Income tax expense	**60,263**	**100,118**

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Carried-forward tax losses	129,877	182,193
Provision for lease make good	10,257	9,783
Lease liabilities	58,636	79,217
Right-of-use assets	(38,914)	(51,074)
Deferred tax asset	**159,856**	**220,119**

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.

Note 9. Income tax (continued)

Accounting policy for deferred tax

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

Note 10. Cash and cash equivalents

	2024 $	2023 $
Cash on hand	-	270
Cash at bank and on hand	153,901	42,391
	153,901	**42,661**

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	**73,172**	**81,215**
Accrued income	1,578	-
Prepayments	5,371	5,531
	6,949	**5,531**
	80,121	**86,746**

Accounting policy for trade and other receivables

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

Note 12. Investments

	2024 $	2023 $
Current assets		
Term deposits	**100,000**	**-**

Note 13. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	197,741	197,741
Less: Accumulated depreciation	(159,995)	(143,651)
	37,746	**54,090**
Plant and equipment - at cost	79,246	77,276
Less: Accumulated depreciation	(68,641)	(65,499)
	10,605	**11,777**
	48,351	**65,867**

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2022	70,961	14,561	85,522
Depreciation	(16,871)	(2,784)	(19,655)
Balance at 30 June 2023	**54,090**	**11,777**	**65,867**
Additions	-	1,969	1,969
Depreciation	(16,344)	(3,141)	(19,485)
Balance at 30 June 2024	**37,746**	**10,605**	**48,351**

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	5 to 20 years
Plant and equipment	5 to 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 14. Right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	487,810	467,752
Less: Accumulated depreciation	(332,156)	(263,457)
	155,654	**204,295**

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	178,179
Remeasurement adjustments	87,005
Depreciation expense	(60,889)
Balance at 30 June 2023	**204,295**
Remeasurement adjustments	20,058
Depreciation expense	(68,699)
Balance at 30 June 2024	**155,654**

Note 14. Right-of-use assets (continued)

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 $	2023 $
Franchise fee	43,685	43,685
Less: Accumulated amortisation	(38,945)	(36,390)
	4,740	**7,295**
Franchise renewal fee	168,425	168,425
Less: Accumulated amortisation	(144,724)	(131,964)
	23,701	**36,461**
	28,441	**43,756**

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	9,301	49,126	58,427
Amortisation expense	(2,006)	(12,665)	(14,671)
Balance at 30 June 2023	**7,295**	**36,461**	**43,756**
Amortisation expense	(2,555)	(12,760)	(15,315)
Balance at 30 June 2024	**4,740**	**23,701**	**28,441**

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2026

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

Note 16. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	11,086	14,069
Other payables and accruals	70,926	80,892
	82,012	**94,961**
Non-current liabilities		
Other payables and accruals	**15,166**	**30,332**

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	97,178	125,293
Less: other payables and accruals (net GST payable to the ATO)	(14,580)	(19,566)
	82,598	**105,727**

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	**110,074**	**92,693**
Non-current liabilities		
Land and buildings lease liabilities	**124,471**	**224,173**

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	316,866	303,970
Remeasurement adjustments	13,752	87,005
Lease interest expense	13,204	16,709
Lease payments - total cash outflow	(109,277)	(90,818)
	234,545	**316,866**

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

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

Note 17. Lease liabilities (continued)

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Berowra Branch	4.79%	2 years	1 x 2 years	Yes	September 2026

Note 18. Lease make good provision

	2024 $	2023 $
Lease make good	**41,026**	**39,133**

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be $45,527 for the Berowra Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire September 2026 at which time it is expected the face-value costs to restore the premises will fall due.

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	759,351	759,351	759,351	759,351
Less: Equity raising costs	-	-	(30,814)	(30,814)
	759,351	**759,351**	**728,537**	**728,537**

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.

Note 19. Issued capital (continued)

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the Company to that person the number of shareholders in the Company is (or would be) lower than the Base Number.

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

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

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

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

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

Note 20. Capital management (continued)

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

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

Note 21. Dividends

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

Note 22. Financial risk management

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

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

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

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

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

	2024 $	2023 $
Financial assets at amotised cost		
Trade and other receivables (note 11)	74,750	81,215
Cash and cash equivalents (note 10)	153,901	42,661
Investments (note 12)	100,000	-
	328,651	**123,876**
Financial liabilities		
Trade and other payables (note 16)	82,598	105,727
Lease liabilities (note 17)	234,545	316,866
	317,143	**422,593**

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost which comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

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

Note 22. Financial risk management (continued)

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of $153,901 and investments of $100,000 at 30 June 2024 (2023: $42,661 and $0).

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

Price risk

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

Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

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.

Liquidity risk

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	67,432	15,166	-	82,598
Lease liabilities	112,770	134,146	-	246,916
Total non-derivatives	**180,202**	**149,312**	**-**	**329,514**

Note 22. Financial risk management (continued)

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	75,395	30,332	-	105,727
Lease liabilities	105,860	236,531	-	342,391
Total non-derivatives	**181,255**	**266,863**	**-**	**448,118**

Note 23. Key management personnel disclosures

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

Thomas Zachary Collins	Robert Jan Wawrzyniak
Bruce John Waterhouse	Stephen Hitchcock
Gregory Stephen Steptoe	Dianne Rose Finch

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

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

Note 24. Related party transactions

Key management personnel

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

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

There were no transactions with related parties during the current financial year.

Note 25. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	**6,650**	**5,200**
Other services		
General advisory services	3,640	3,090
Share registry services	3,161	2,000
	6,801	**5,090**
	13,451	**10,290**

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

	2024 $	2023 $
Profit after income tax expense for the year	179,958	292,054
Adjustments for:		
Depreciation and amortisation	103,499	95,215
Lease liabilities interest	13,204	16,709
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	6,625	(26,462)
Decrease in deferred tax assets	60,263	100,118
Increase/(decrease) in trade and other payables	(20,621)	33,181
Increase/(decrease) in employee benefits	(8,535)	9,410
Increase in provisions	1,880	1,827
Net cash provided by operating activities	**336,273**	**522,052**

Note 27. Earnings per share

	2024 $	2023 $
Profit after income tax	**179,958**	**292,054**

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	759,351	759,351
Weighted average number of ordinary shares used in calculating diluted earnings per share	**759,351**	**759,351**

	Cents	Cents
Basic earnings per share	23.70	38.46
Diluted earnings per share	23.70	38.46

Accounting policy for earnings per share

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

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

Directors’ declaration

For the financial year ended 30 June 2024

In the directors’ opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company’s financial position as at 30 June 2024 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 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

Thomas Zachary Collins
Chairman

19 September 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 Berowra & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Berowra & District Financial Services Limited (the company), which comprises:

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

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

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

Basis for Opinion

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

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

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

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

Other Information

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 September 2024

Lachlan Tatt
Lead Auditor

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Bendigo Bank