

**Bexley Financial
Services Limited**

ABN 37 105 775 844

**ANNUAL
REPORT
2024**

Community Bank Bexley

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Chairman's Report for the Financial Year Ending 2024

On behalf of the Board of Directors, I am pleased to present the Annual Report for the financial year ending 2024.

The 2023–2024 financial year has been marked by significant changes within our company. We have seen notable shifts in our leadership and operational structure:

Firstly, we bid farewell to Michael Price, our former Company Secretary and Chairman, who retired in January. Michael's dedication and service over the years have been invaluable, and on behalf of the Board, I extend our deepest gratitude for his unwavering commitment. I have taken on the role of Chairman since February 2024, following Michael's departure.

During the 2023-2024 Financial year, the board appointed two new directors, myself, who has taken Michael Price' position, and Panayiota Isaias, who was a former Community Bank Regional Manager for Bendigo Bank.

Additionally, we experienced the resignation of two other directors, including our Treasurer, who also managed our bookkeeping and accounting. We are pleased to announce the appointment of a highly experienced bookkeeper who brings expertise from managing various community banks. Furthermore, AFS Chartered Accountants have been appointed as our tax agents and accountants. Their extensive experience with Community Banks will be instrumental as they also oversee our share register, including the transfer, purchase, and sale of shares. AFS Chartered Accountants have already begun reaching out to our shareholders in preparation for our first dividend payment.

In terms of community contributions, we have intentionally reduced our donations this financial year to prioritize paying dividends and rewarding our shareholders for their patience and support.

We have modernized our business processes and document storage, transitioning all our work and documents to the Company Board Site hosted on Bendigo Bank's SharePoint Portal.

Financially, while last year saw a significant profit increase due to government initiatives, margins for the 2023–2024 year have unfortunately declined, affecting our gross income and profit. Like many businesses, we have also faced rising expenses. Despite these challenges, we have still posted a healthy profit and remain optimistic about the future, focusing on business growth and development.

We are also extremely pleased to announce the payment of our first dividend.

Our Community Bank has benefited from updates to signage and enhancements to our security and monitoring systems. We are committed to strengthening our relationship with Bendigo Bank to foster future growth and profitability.

A key addition this year was the employment of a home loan specialist, dedicated to residential lending and generating new business. We are already observing a positive shift in our home loan portfolio.

March marked a significant milestone as we celebrated 20 years of operations in Bexley during the Bexley Chamber of Commerce Centenary celebration. This anniversary highlights our long-standing commitment to serving the local community with exceptional banking solutions.

I would like to express my heartfelt thanks to our staff and especially to Branch Manager Anthony Georgiou for their exceptional efforts and dedication to our clients and community. I also extend my gratitude to the Board of Directors for their continued support and hard work throughout the years.

Thank you.

A handwritten signature in black ink, appearing to be 'W. Glaser', written in a cursive style.

Walter Glaser
Chairman

Manager's Report

For the year ending 30 June 2024

Financial Year 2023-2024 was another profitable year on record, but with divergent results in our deposits & loans books.

Disappointingly, our total banking book contracted from \$129.3 million to \$117 million – with this result directly attributed to a decrease in deposits totalling \$15 million. On the other side of the banking book, loans increased by \$2 million YOY. This total banking book result gives the branch team a strengthened focus to build up total banking business in FY 24-25. The three most impressive performance indicators this financial year, were: the rate of growth in lending approvals (+ 224.6%), the rate of rate of growth in lending settlements (+ 96.3%), and the rate of growth in products per customer (+ 21.8%).

Performance Indicator	2024	2023	Change (%)
Customer Numbers	2,660	2,433	+ 9.3%
Deposits Balance	\$83.4 million	\$98.4 million	- 15.2%
Loans Balance	\$25.4 million	\$23.4 million	+ 8.5%
Lending Approvals	\$10.613 million	\$3.270 million	+ 224.6%
Lending Settlements	\$8.739 million	\$4.452 million	+ 96.3%
Products Per Customer	2.32	1.904	+ 21.8%
Teller Transactions	9,584	10,014	- 4.3%
Total Business Size	\$117 million	\$129.3 million	- 9.5%

Throughout the year, the branch team have continued to focus on onboarding new customers, and on improving the quality of their holistic banking conversations with new and existing customers (with pleasing uplift in conversations around credit cards, personal loans, home loans, and business lending). While we have had good success in growing the number of products customers hold with us, there is still some way to go before our customers hold on average 3 or 4 products with the bank. Whole of wallet banking is pivotal to growing the size & profitability of the business.

Growth in our loans book (YOY) & re-balancing the size of our loans book proportionate to our total banking business remain ongoing priorities. Pleasingly, lending approvals totalled \$10.613 million while lending settlements totalled \$8.729 million throughout the year. Both results being a significant uplift on the previous financial year.

On a staffing front, Yvette Mystakas, joined our branch at the end of the financial year - having formally been appointed to the role of Customer Service Officer (CSO) in June 2024. I would like to also take the opportunity to thank our branch staff: Charbel, Tina, Isela, Susan & Yvette, and local business banking specialist, Makayla Brown, on their efforts throughout the financial year, and for going above and beyond to assist our customers with all their banking & financial needs.

At the end of February 2024, our Community Bank Chairman Michael Price, made the decision to retire. Michael was a Director of Bexley Financial Services Ltd since 2004 and served the company in a number of different roles over those years (Chairman, Treasurer, and Company Secretary). Thank you for your many years of dedicated service Michael, and we wish him all the very best in retirement. Walter Glaser was subsequently elected as the new Community Bank Chairman - and we would like to wish Walter every success in the role.

To the volunteer directors of the Board of Bexley Financial Services Ltd, thank you for generously giving of your time and services to support our Community Bank. I would also like to acknowledge the support of the Bendigo and Adelaide Bank team, and our Regional Managers Monique Morrison and Yiota Isaias, throughout the year.

Most importantly to our valued customers and shareholders, we thank you for being our biggest advocates. Without you we would not exist, and we hope to continue to provide a level of customer service which exceeds your expectations. We encourage you to reach out to our team, for all your ongoing & future banking needs.

My main objectives for FY 24-25 are: to increase the number of lending approvals and regularity of loan settlements, increase the total size of our deposits & loans books, and grow the customer base to 2,900 customers.

I look forward to delivering better business outcomes for the Financial Year 2024-2025.

Anthony Georgiou
Branch Manager

Bexley Financial Services Limited

Directors' report

30 June 2024

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

Directors

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

Name: Walter Glaser
Title: Chairman
Experience and expertise: Licensed Real Estate Agent, diploma in business management, small business owner experience.

Name: Marianthe Kamateros
Title: Non-executive director
Experience and expertise: Small business owner 30 years.

Name: John Theodoridis
Title: Non-executive director
Experience and expertise: Qualified Solicitor, owns and operates a law practice for 43 years.

Name: Robert Price
Title: Non-executive director
Experience and expertise: MBA, BA in Psychology, Master Science & Technology, currently employed by the Department of Home Affairs.

Name: Roslyn Kay
Title: Non-executive director
Experience and expertise: Fellow of National Institute of Accountants, JP, Retired Financial Controller.

Name: Panayiota Isaias (*appointed 22 February 2024*)
Title: Non-executive director
Experience and expertise: Former Bendigo Bank Regional Manager, Certificate in Marketing, Certificate Financial Services & Brokering, Level 1 Financial Planning.

Name: Weisen Zhou (*resigned 23 April 2024*)
Title: Non-executive director
Experience and expertise:

Name: Rob Ryan (*resigned 23 April 2024*)
Title: Non-executive director
Experience and expertise:

Name: Michael Price (*resigned 22 February 2024*)
Title: Non-executive director
Experience and expertise:

Company secretary

The company secretary is Walter Glaser. Walter was appointed to the position of company secretary on 22 February 2024.

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 \$223,438 (30 June 2023: \$471,843).

Operations have continued to perform in line with expectations.

Bexley Financial Services Limited
Directors' report
30 June 2024

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.

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
Michael Price	7	7
John Theodoridis	11	8
Rob Ryan	9	6
Roslyn Kay	11	9
Walter Glaser	11	10
Weisen Zhou	9	9
Robert Price	11	7
Marianthe Kamateros	11	10
Panayiota Isaias	4	3

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 22 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Michael Price	500	-	500
John Theodoridis	500	-	500
Rob Ryan	1,000	-	1,000
Roslyn Kay	500	-	500
Walter Glaser	20,000	-	20,000
Weisen Zhou	-	-	-
Robert Price	500	-	500
Marianthe Kamateros	2,001	-	2,001
Panayiota Isaias	-	-	-

Shares under option

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

Bexley Financial Services Limited
Directors' report
30 June 2024

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 (Dawsons Accountants Pty Ltd) for audit and non-audit services provided during the year are set out in note 23 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



Walter Glaser
Chairman

30 October 2024

Bexley Financial Services Limited
ABN 37 105 775 844

Auditor's Independence Declaration

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 To THE DIRECTORS OF: Bexley Financial Services Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been :

- (i) no contraventions of the auditor independence requirements as set out in 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



Dawsons Accountants Pty Ltd

Hamish Dawson, Registered Company Auditor

Address: 505 / 47 Main Street, Rouse Hill NSW 2155

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

	Note	2024	2023
		\$	\$
Revenue from contracts with customers	6	897,801	1,071,650
Other revenue		41,745	518
Total revenue		<u>939,546</u>	<u>1,072,168</u>
Employee benefits expense	7	(454,134)	(326,292)
Advertising and marketing costs		(3,866)	(6,004)
Occupancy expenses		(21,181)	(10,486)
IT expenses		(9,334)	-
Depreciation and amortisation expense	7	(59,836)	(58,950)
Finance costs	7	(1,694)	(3,194)
Administration and general expenses		(87,788)	(83,371)
Total expenses before community contributions and income tax expense		<u>(637,833)</u>	<u>(488,297)</u>
Profit before community contributions and income tax expense		301,713	583,871
Charitable donations and sponsorships expense	7	(5,909)	(55,959)
Profit before income tax expense		295,804	527,912
Income tax expense	8	(72,366)	(56,069)
Profit after income tax expense for the year		223,438	471,843
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>223,438</u>	<u>471,843</u>
		Cents	Cents
Basic earnings per share	25	30.00	63.34
Diluted earnings per share	25	30.00	63.34

Refer to note 5 for detailed information on Change to comparative figures.

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

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

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	9	727,294	466,428
Trade and other receivables	10	89,547	88,139
Investments	11	320,923	360,803
Total current assets		<u>1,137,764</u>	<u>915,370</u>
Non-current assets			
Property, plant and equipment	12	24,001	854
Right-of-use assets	13	206,279	43,681
Intangible assets	14	69,962	12,085
Deferred tax assets	8	2,061	-
Total non-current assets		<u>302,303</u>	<u>56,620</u>
Total assets		<u>1,440,067</u>	<u>971,990</u>
Liabilities			
Current liabilities			
Trade and other payables	15	66,903	63,786
Lease liabilities	16	47,841	44,517
Current tax liabilities	8	70,208	56,069
Employee benefits	17	31,481	40,584
Total current liabilities		<u>216,433</u>	<u>204,956</u>
Non-current liabilities			
Trade and other payables	15	62,610	-
Borrowings		3,039	3,039
Lease liabilities	16	156,818	-
Employee benefits	17	13,734	-
Total non-current liabilities		<u>236,201</u>	<u>3,039</u>
Total liabilities		<u>452,634</u>	<u>207,995</u>
Net assets		<u>987,433</u>	<u>763,995</u>
Equity			
Issued capital	18	744,909	744,909
Retained earnings		<u>242,524</u>	<u>19,086</u>
Total equity		<u>987,433</u>	<u>763,995</u>

Refer to note 5 for detailed information on Change to comparative figures.

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

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

Refer to note 5 for detailed information on Change to comparative figures.

	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022	744,909	(452,757)	292,152
Profit after income tax expense	-	471,843	471,843
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	471,843	471,843
Balance at 30 June 2023	<u>744,909</u>	<u>19,086</u>	<u>763,995</u>
Balance at 1 July 2023	744,909	19,086	763,995
Profit after income tax expense	-	223,438	223,438
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	223,438	223,438
Balance at 30 June 2024	<u>744,909</u>	<u>242,524</u>	<u>987,433</u>

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

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

	Note	2024	2023
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		999,043	1,178,815
Payments to suppliers and employees (inclusive of GST)		(673,618)	(594,417)
Interest received		29,711	518
Interest and other finance costs paid		(24)	-
Income taxes paid		(60,288)	-
		<hr/>	<hr/>
Net cash provided by operating activities	24	294,824	584,916
Cash flows from investing activities			
Redemption of/(investment in) term deposits		39,880	(350,032)
Payments for property, plant and equipment		(24,219)	-
Payments for intangibles		-	(13,184)
		<hr/>	<hr/>
Net cash provided by/(used in) investing activities		15,661	(363,216)
Cash flows from financing activities			
Interest and other finance costs paid		(1,670)	(3,193)
Repayment of lease liabilities		(47,949)	(42,293)
		<hr/>	<hr/>
Net cash used in financing activities		(49,619)	(45,486)
Net increase in cash and cash equivalents		260,866	176,214
Cash and cash equivalents at the beginning of the financial year		466,428	290,214
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	9	<u>727,294</u>	<u>466,428</u>

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

Bexley Financial Services Limited

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 416-418 Forest Road, Bexley, NSW, 2207.

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. Material accounting policy information

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

Adoption of new and revised accounting standards

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

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

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

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

Accounting standards issued but not yet effective

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

Current and non-current classification

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

Impairment of non-financial assets

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

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

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

Bexley Financial Services Limited

Notes to the financial statements

30 June 2024

Note 3. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

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.

Bexley Financial Services Limited
Notes to the financial statements
30 June 2024

Note 3. 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 4. 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 June 2029.

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.

Bexley Financial Services Limited
Notes to the financial statements
30 June 2024

Note 4. 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 5. Change to comparative figures

Recognition of franchise fees as intangible assets

During the year the directors identified the franchise fees and renewal fees payable to Bendigo Bank were incorrectly expensed instead of being capitalised under *AASB 138 Intangible Assets*. The corresponding payable amount to Bendigo Bank has also been recognised in other payables. The impact of the restatement is outlined below.

Recognition of lease liability and right-of-use assets

During the year the directors identified the lease for the branch premises was incorrectly recognised as an "exempt lease" under *AASB 16 Leases*. Given the franchise agreement in place the directors have assessed there to be more than an "insignificant penalty" should the lease be terminated. Therefore, the lease term has been aligned with the franchise renewal period. The impact of the restatement is outlined below.

Reclassification of accounts

During the year accounts were reclassified to more accurately reflect the accounting standards applicable to them. The impact on the financial statements was extensive and is outlined below.

The following table summaries the impacts on the 30 June 2023 financial statements:

Statement of profit or loss and other comprehensive income Extract	2023 \$ Reported	\$ Adjustment	2023 \$ Restated
Revenue from contracts with customers	975,221	96,429	1,071,650
Other revenue	96,947	(96,429)	518
Occupancy expenses	(55,972)	45,486	(10,486)
Depreciation and amortisation expense	(213)	(58,737)	(58,950)
Administration and general expenses	(111,063)	27,692	(83,371)
Finance costs	(2)	(3,192)	(3,194)
Profit before income tax expense	516,663	11,249	527,912
Income tax expense	(56,069)	-	(56,069)
Profit after income tax expense for the year	460,594	11,249	471,843
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	<u>460,594</u>	<u>11,249</u>	<u>471,843</u>

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Note 5. Change to comparative figures (continued)

	Cents Reported	Cents Adjustment	Cents Restated
Basic earnings per share	61.83	1.51	63.34
Diluted earnings per share	61.83	1.51	63.34
	2023		2023
	\$	\$	\$
Statement of financial position Extract	Reported	Adjustment	Restated
Assets			
Current assets			
Cash and cash equivalents	476,745	(10,317)	466,428
Trade and other receivables	87,660	479	88,139
Investments	-	360,803	360,803
Other	100,479	(100,479)	-
Total current assets	<u>664,884</u>	<u>250,486</u>	<u>915,370</u>
Non-current assets			
Investments	250,486	(250,486)	-
Right-of-use assets	-	43,681	43,681
Intangible assets	-	12,085	12,085
Total non-current assets	<u>251,340</u>	<u>(194,720)</u>	<u>56,620</u>
Total assets	<u>916,224</u>	<u>55,766</u>	<u>971,990</u>
Liabilities			
Current liabilities			
Trade and other payables	9,086	54,700	63,786
Lease liabilities	-	44,517	44,517
Current tax liabilities	110,769	(54,700)	56,069
Total current liabilities	<u>160,439</u>	<u>44,517</u>	<u>204,956</u>
Total liabilities	<u>163,478</u>	<u>44,517</u>	<u>207,995</u>
Net assets	<u>752,746</u>	<u>11,249</u>	<u>763,995</u>
Equity			
Reserves	(452,758)	452,758	-
Retained earnings	460,595	(441,509)	19,086
Total equity	<u>752,746</u>	<u>11,249</u>	<u>763,995</u>

Note 6. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	855,492	1,071,650
Fee income	19,901	-
Commission income	22,408	-
	<u>897,801</u>	<u>1,071,650</u>

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Note 6. 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 3 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

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

Core banking products

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

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Note 6. 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 7. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	395,737	295,962
Superannuation contributions	43,933	28,817
Expenses related to long service leave	9,538	-
Other expenses	4,926	1,513
	<u>454,134</u>	<u>326,292</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	<u>1,072</u>	<u>213</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>45,493</u>	<u>45,553</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,212	2,198
Franchise renewal fee	<u>11,059</u>	<u>10,986</u>
	<u>13,271</u>	<u>13,184</u>
	<u>59,836</u>	<u>58,950</u>

Finance costs

	2024	2023
	\$	\$
Lease interest expense	1,670	3,193
Other	<u>24</u>	<u>1</u>
	<u>1,694</u>	<u>3,194</u>

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

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Note 7. Expenses (continued)

Charitable donations, sponsorships and grants

	2024	2023
	\$	\$
Direct donation, sponsorship and grant payments	<u>5,909</u>	<u>55,959</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).

Note 8. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	70,208	129,802
Movement in deferred tax	4,029	-
Under/over provision in respect to prior years	4,219	-
Recoupment of prior year tax losses	-	(73,733)
Bring to account opening deferred tax	(6,090)	-
Aggregate income tax expense	<u>72,366</u>	<u>56,069</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>295,804</u>	<u>527,912</u>
Tax at the statutory tax rate of 25%	73,951	131,978
Tax effect of:		
Non-deductible expenses	286	(2,176)
	74,237	129,802
Under/over provision in respect to prior years	4,219	-
Prior year tax losses not recognised now recouped	-	(73,733)
Prior year temporary differences not recognised now recognised	(6,090)	-
Income tax expense	<u>72,366</u>	<u>56,069</u>
	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	11,304	-
Accrued expenses	(3,009)	-
Lease liabilities	51,165	-
Right-of-use assets	(51,570)	-
Property, plant and equipment	(5,829)	-
Deferred tax asset	<u>2,061</u>	<u>-</u>
	2024	2023
	\$	\$
Provision for income tax	<u>70,208</u>	<u>56,069</u>

Bexley Financial Services Limited
Notes to the financial statements
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Note 8. Income tax (continued)

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Accounting policy for deferred tax

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

Note 9. Cash and cash equivalents

	2024	2023
	\$	\$
Cash on hand	28	100
Cash at bank and on hand	727,266	466,328
	<u>727,294</u>	<u>466,428</u>

Note 10. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	66,585	87,660
Other receivables and accruals	14,714	-
Prepayments	8,248	479
	<u>22,962</u>	<u>479</u>
	<u>89,547</u>	<u>88,139</u>

Accounting policy for trade and other receivables

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

Note 11. Investments

	2024	2023
	\$	\$
<i>Current assets</i>		
Term deposits	320,923	360,803
	<u>320,923</u>	<u>360,803</u>

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Note 12. Property, plant and equipment

	2024	2023
	\$	\$
Leasehold improvements - at cost	260,610	236,391
Less: Accumulated depreciation	<u>(236,609)</u>	<u>(235,537)</u>
	<u><u>24,001</u></u>	<u><u>854</u></u>

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

	Leasehold improvements \$
Balance at 1 July 2022	1,067
Depreciation	<u>(213)</u>
Balance at 30 June 2023	854
Additions	24,219
Depreciation	<u>(1,072)</u>
Balance at 30 June 2024	<u><u>24,001</u></u>

Accounting policy for property, plant and equipment

Property, plant and equipment are measured at cost, 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 and diminishing value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements 10 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 13. Right-of-use assets

	2024	2023
	\$	\$
Land and buildings - right-of-use	349,058	140,967
Less: Accumulated depreciation	<u>(142,779)</u>	<u>(97,286)</u>
	<u><u>206,279</u></u>	<u><u>43,681</u></u>

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Note 13. 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	89,234
Depreciation expense	<u>(45,553)</u>
Balance at 30 June 2023	43,681
Remeasurement adjustments	208,091
Depreciation expense	<u>(45,493)</u>
Balance at 30 June 2024	<u><u>206,279</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 16 for more information on lease arrangements.

Note 14. Intangible assets

	2024 \$	2023 \$
Franchise fee	22,845	10,987
Less: Accumulated amortisation	<u>(11,185)</u>	<u>(8,973)</u>
	11,660	2,014
Franchise renewal fee	114,222	54,932
Less: Accumulated amortisation	<u>(55,920)</u>	<u>(44,861)</u>
	58,302	10,071
	<u><u>69,962</u></u>	<u><u>12,085</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	4,212	21,057	25,269
Amortisation expense	<u>(2,198)</u>	<u>(10,986)</u>	<u>(13,184)</u>
Balance at 30 June 2023	2,014	10,071	12,085
Additions	11,858	59,290	71,148
Amortisation expense	<u>(2,212)</u>	<u>(11,059)</u>	<u>(13,271)</u>
Balance at 30 June 2024	<u><u>11,660</u></u>	<u><u>58,302</u></u>	<u><u>69,962</u></u>

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Note 14. Intangible assets (continued)

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2029
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2029

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

Note 15. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	12,464	-
Other payables and accruals	54,439	63,786
	<u>66,903</u>	<u>63,786</u>
<i>Non-current liabilities</i>		
Other payables and accruals	62,610	-
	<u>62,610</u>	<u>-</u>
	2024	2023
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	129,513	63,786
less other payables and accruals (net GST payable to the ATO)	(12,380)	(29,897)
	<u>117,133</u>	<u>33,889</u>

Note 16. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	47,841	44,517
	<u>47,841</u>	<u>44,517</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	156,818	-
	<u>156,818</u>	<u>-</u>

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Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024	2023
	\$	\$
Opening balance	44,517	86,810
Remeasurement adjustments	208,091	-
Lease interest expense	1,670	3,193
Lease payments - total cash outflow	<u>(49,619)</u>	<u>(45,486)</u>
	<u><u>204,659</u></u>	<u><u>44,517</u></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	Lease term end date used in calculations
Bexley branch	7.65%	5 years	June 2029

Note 17. Employee benefits

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Annual leave	19,519	24,426
Long service leave	<u>11,962</u>	<u>16,158</u>
	<u><u>31,481</u></u>	<u><u>40,584</u></u>
<i>Non-current liabilities</i>		
Long service leave	<u><u>13,734</u></u>	<u><u>-</u></u>

Accounting policy for short-term employee benefits

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

Accounting policy for other long-term employee benefits

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

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Note 17. Employee benefits (continued)

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

Note 18. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	<u>744,909</u>	<u>744,909</u>	<u>744,909</u>	<u>744,909</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").

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

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Note 18. Issued capital (continued)

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 19. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 20. 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 A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.

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Note 20. Financial risk management (continued)

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

	2024	2023
	\$	\$
Financial assets at amortised cost		
Trade and other receivables (note 10)	89,547	88,139
Cash and cash equivalents (note 9)	727,266	466,328
Term deposits (note 11)	320,923	360,803
	<u>1,137,736</u>	<u>915,270</u>
Financial liabilities		
Trade and other payables (note 15)	117,133	33,889
Lease liabilities (note 16)	204,659	44,517
	<u>321,792</u>	<u>78,406</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

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

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

Derecognition

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

Impairment of trade and other receivables

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

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 \$727,294 and term deposits of \$320,923 at 30 June 2024 (2023: cash and cash equivalents \$466,428 and term deposits \$360,803).

Bexley Financial Services Limited
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30 June 2024

Note 20. Financial risk management (continued)

Price risk

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

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	54,523	62,610	-	117,133
Lease liabilities	49,621	194,347	-	243,968
Total non-derivatives	<u>104,144</u>	<u>256,957</u>	<u>-</u>	<u>361,101</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	33,889	-	-	33,889
Lease liabilities	45,486	-	-	45,486
Total non-derivatives	<u>79,375</u>	<u>-</u>	<u>-</u>	<u>79,375</u>

Note 21. Key management personnel disclosures

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

Michael Price	Rob Ryan
Marianthe Kamateros	Roslyn Kay
John Theodoridis	Walter Glaser
Robert Price	Weisen Zhou
Panayiota Isaias	

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 22. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

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. Payment for services provided by related parties, as outlined below, were outstanding at the current reporting date.

Bexley Financial Services Limited
Notes to the financial statements
30 June 2024

Note 22. Related party transactions (continued)

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 \$
Company secretary/director and board chairman, (Walter Glaser) for overseeing and performing management, general business duties, board functions and operational tasks and compliance. Estimated value of benefits to be received as at 30 June 2024:	8,652	-
Company director (Roslyn Kay) for performing management, general business duties, operational and administrative, board support work and compliance. Estimated value of benefits to be received as at 30 June 2024:	3,665	-

Note 23. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Dawsons Accountants Pty Ltd, the auditor of the company:

	2024 \$	2023 \$
<i>Audit services</i>		
Audit or review of the financial statements	<u>7,000</u>	<u>7,000</u>

Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	223,438	471,843
Adjustments for:		
Depreciation and amortisation	59,836	58,950
Finance costs - lease liabilities	1,670	3,193
Change in operating assets and liabilities:		
Increase in trade and other receivables	(1,408)	(47,927)
Increase in deferred tax assets	(2,061)	-
Increase/(decrease) in trade and other payables	(5,421)	26,630
Increase in provision for income tax	14,139	56,069
Increase in employee benefits	4,631	16,158
Net cash provided by operating activities	<u>294,824</u>	<u>584,916</u>

Note 25. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>223,438</u>	<u>471,843</u>

Bexley Financial Services Limited
Notes to the financial statements
30 June 2024

Note 25. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>744,909</u>	<u>744,909</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>744,909</u>	<u>744,909</u>
	Cents	Cents
Basic earnings per share	30.00	63.34
Diluted earnings per share	30.00	63.34

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. 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.

Bexley Financial Services Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Walter Glaser
Chairman

30 October 2024

Independent Auditor's Report

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Bexley Financial Services Limited (the company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of Bexley 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 performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1

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 (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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Information Other than the Financial Report and Auditor's Report Thereon

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 do 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.

Independent Auditor's Report

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that 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 gives a true and fair view and 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 to 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 Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the company audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

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.

Signed on : 4th November, 2024



Hamish Dawson, Registered Company Auditor
Dawsons Accountants Pty Ltd
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