# Annual Report 2024

## Clovelly Community Financial Services Ltd

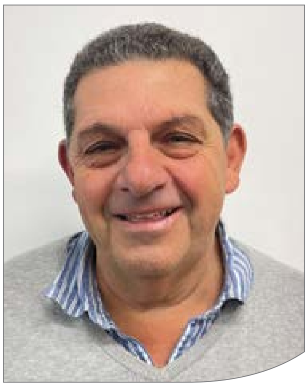
**Community Bank Clovelly**

ABN 69 097 378 740

# Contents

# Chairman's report

## For year ending 30 June 2024



Whilst the bank functions to deliver a full range of banking services, its overarching philosophy is the mobilising of local community groups through it's grants and sponsorship programs.

It is my great pleasure to present the 23rd Annual Report of Clovelly Community Financial Services Ltd ended 30 June 2024.

### Current Position

Rising operational costs impacted on our total revenue resulting in reduced profit during the financial year. The banks pre-tax profit was $1,132,384 leaving an after-tax profit of $841,745.

### Dividend

The Board of Directors was pleased to announce a fully franked dividend of 60 cents/share which was paid in January 2024.

### Community Participation

Whilst the bank functions to deliver a full range of banking services, its overarching philosophy is the mobilising of local community groups through it's grants and sponsorship programs. During the past financial year $92,549 was distributed amongst 19 different local organisations.

### Board

In the past year we farewelled Jessie Maguire.

Jessie joined the Board of Directors in September 2020 and served as treasurer and a member of the Audit and Governance committee. Due to her increasing work commitments, Jessie had to retire from the Board in December 2023.

On behalf of the Board, I would like to thank Jessie for her contributions, particularly in her role as treasurer. Presenting the monthly financial report and the preparation of the annual budget. I wish her well in her future endeavours.

### Acknowledging our staff

Our staff dedication and professionalism is the key to our success.

On behalf of the Board, I would like to thank all staff for your exceptional delivery of service to our customers.

In particular, I would like to thank Sally for her leadership during Pete's absence.

It was great to welcome Pete back after his extended leave.

Finally, to our customers, stakeholders and community groups thankyou for your ongoing support. We are proud of the success of our Community Bank and the communities we have strengthened.

**Michael Joseph DeNavi**
**Chairman**

# Manager's report

## For year ending 30 June 2024

Regardless of macro factors outside our control we stay centred on the goal of our business and continue throughput methodologies. Connecting with our clients, being available, mobile and accessible, is our point of difference that is appreciated by our clients.

2024 has been an interesting year in the retail banking environment. Increasing awareness and education by customers on scams and cybercrime is essential. Customers becoming increasingly more digitally abled. Housing affordability and supply issues. Rising costs of living. Technology outages etc. There is a lot going on. Being a proud part of Australia's most trusted bank is a good position to be in.

After historic lows, interest rates have continued increasing in recent times. This does not necessarily correlate directly to increased profits, due to cost of funding increases, compressed margins, fierce competition and aggressive pursuit of book growth and market share. For example, an industry peer has grown their home loan book at more than twice the rate of system growth during the December half-year but could not escape the margin compression that has hit the retail banking industry resulting in a 36% drop in earnings from the previous half. The changing constant is balancing growth, risk, margin and cost reward variables.

Regardless of macro factors outside our control we stay centred on the goal of our business and continue throughput methodologies. Connecting with our clients, being available, mobile and accessible, is our point of difference that is appreciated by our clients. Customers are the reason for our business.

Some notable highlights:

| | |
|---|---|
| Earnings Before Interest, Tax, Depreciation, Amortisation, and Community support: | $ 1,557,998, |
| Total equity: | ↑ $3,292,339 |
| Share price: | ↑ $1.40 |
| Net Assets per Share: | ↑ 16.37% |
| Market capitalisation: | $882,397 |
| Dividend: | ↑ 328% |
| Total customers: | ↑ 9.9% |
| Cash held: | ↑ 25.87% |
| Cost to Income: | ↑ 45.6% |

Congratulations to all stakeholders. Another very strong performance this year for Clovelly Community Financial Services. Balance sheet and earnings are impressive and have put us in good stead to progress into the future.

Thank you, our Board of Directors for your tireless commitment, generous volunteering of your service, expertise, professionalism, time and input. Your support, backing, valuable service and contributions are much appreciated.

Thank you, our hard working and high achieving Clovelly branch team. Sally, Nazife, Belinda, Glen, Nicola, Carey, Lisa and Peta for your care and commitment to our customers and the success of our business. Our results reflect the outstanding work you do consistently.

Thank you to Bendigo Bank Regional Manager Tom Woods, State Manager Brendan Hendry, and the whole Bendigo Bank team for your support. A special thanks and farewell to Bendigo Bank CEO Marnie Baker. Marnie's passion and commitment for the Bendigo and Adelaide Bank and Community Bank model over 35 years of service is truly inspirational.

Thank you, our customers, community groups, families, individuals, businesses and advocates that support and work with us to make many life-changing contributions to thousands of people, communally and personally. It is a privilege to serve you.

Thank you to our shareholders. Community Bank Clovelly was born out of the necessity to restore an essential service (a retail Bank) that had been taken away from the eastern suburbs' community. Your investment at the time was a brave one. With out your seed capital we would not exist today. It is very gratifying to see you rewarded with salubrious returns on your investment.

P. Swan

**Pete Swan**
**Branch Manager**

# 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**

# Financial year highlights

$2.733 million Revenue

$1.488 million Profit before tax and contributions

4,528 Total customers

↑ 9.9%

$355,707
Community / Foundation contributions

$378,170
Shareholder distributions
January 2024: 60c dividend

↑ 328%

## Community investment 2002- 2024

Clovelly and district since opening in July 2002 to June 2024.

Shareholder distributions
**$1.230 million**

+

Community / Foundation contributions
**$2.456 million**

+

Local employment and development
**$11.362 million**

=

Total community investment
**$15.049 million**
2002-2024

Supporting children getting into sport: Proudly sponsoring the new Coogee Dolphins pre-season academy program, free for local children.

# Community contributions

## Community Bank Clovelly

*Returning profits back to the community through grants and sponsorships.*


| Applicant name | Outcome |
|---|---|
| A Touch of Kindness | Capital expansion required for our growing charity |
| Bayside Women's Shelter | Support of children impacted by domestic and family violence |
| BIKEast Inc | New battery & repairs |
| Bondi Beach Cottage Incorporated | Recover & Reconnect |
| Clovelly Bowling Club | The Bendigo Bank Cup & uniforms |
| Clovelly Eagles | Training equipment & specialist coaching |
| Coogee Beach Dolphins RLFC | Junior Development Camp |
| Coogee Netball | Equipment & kit |
| Coogee Seahorses | Playing kit |
| Coogee Surf Lifesaving Club | Nippers presentation |
| Diva Charity Incorporated | Help Diva Drive Change |
| Jewish House | Transitional Housing Support Worker |
| Keith's Closet | Enhancing warehouse operations |
| Rainbow St. Public School Parents and Citizens Association | Rainbow St. P&C and Community Storage Space |
| Randwick Junior Academy | Training equipment & kit |
| Randwick Netball Association | Umpire program |
| Randwick Rugby Club | Training equipment & representative kit |
| Reverse Garbage Co-operative Ltd | Early Childhood Sustainability Education Program |
| Soroptimist International Randwick & Eastern Suburbs | Support for homeless women |
| South Eastern Community Connect | Domestic & Family Violence Support Program |
| South Sydney High School | Coffee Machine |
| Ted Noffs Foundation Ltd | Youth Homelessness Brokerage Project |
| The Deli Women and Children's Centre | Pathways to Healing Domestic Violence Project |
| The Garden at Maroubra | Equipement, administration & insurance costs |
| The Minhi's Netball Club | Registration, uniforms & equipment |
| The Purple Hearts RCFC | Registration, uniforms & equipment |
| The Settlement Neighbourhood Centre | Community Food Pantry |
| The Women's Well | Women's Health & Wellbeing events |
| Weave Youth & Community Services Ltd | Speak Out: Dual Diagnosis Program - co-occurring mental health, alcohol and other drug challenges |

# Directors' report

For the financial year ended 30 June 2024

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

**Directors**

The directors of the company who held office during the financial year and to the date of this report are:

### Michael Joseph Denavi

Chairman

**Occupation:** Small Business Owner

**Qualifications, experience and expertise:** Michael has extensive experience in small business. He has worked in and owned several small businesses. His present small business has been operating locally for 30 years and has won may accolades including Randwick Council Small Business of the Year. Michael has a strong sense of community. He is a lifetime member of the Clovelly Eagles Junior Rugby Club and was on the steering committee that established the Community Bank.

**Special responsibilities:** Chairman, Member of HR sub Committee

**Interest in shares:** 1 ordinary

### Jonathan Hancock

Non-executive director

**Occupation:** Stockbroker

**Qualifications, experience and expertise:** Jonathan is a Stockbroker at Ord Minnett Limited providing a full range of stockbroking and direct asset management services to clients. He was a former President of Tamarama Surf Life Saving Club. Current Junior Activities Director (Head of Nippers) - Tamarama Surf Life Saving Club.

**Special responsibilities:** Nil

**Interest in shares:** 1,000 ordinary

### Elissa Raptis

Non-executive director

**Occupation:** Office Manager / Director

**Qualifications, experience and expertise:** Elissa has a Graduate Certificate in Business Administration and is a graduate of the Australian Institute of Company Directors. She has had extensive experience in the Fast Moving Consumer Goods environment, but more recently has focused on Finance marketing. She has had various Board exposures for over 10 years.

**Special responsibilities:** Nil

**Directors (continued)**

## Paul Simmons

Non-executive director

**Occupation:** HR Professional

**Qualifications, experience and expertise:** Paul has a degree in Psychology and Post Graduate qualification in Human Resources. He was previously a member of Orange Base Hospital Ethics Committee, and is currently an active member of Clovelly Surf Life Saving Club.

**Special responsibilities:** Member of HR Sub Committee

**Interest in shares:** Nil

## Keri Barbara Spooner

Non-executive director

**Occupation:** Dean of Higher Education

**Qualifications, experience and expertise:** Dr Keri Spooner (BComHons; MComHons; PhD) is currently Dean of Higher Education at the Wentworth Institute of Higher Education and an Emeritus Professor at the University of Notre Dame Australia, Sydney. Previously Keri worked as an academic at the University of Technology Sydney. Her expertise is in the area of human resource management, public administration and corporate governance. She is extensively involved in many Eastern Suburbs community groups and is particularly focussed on social justice and environmental issues including the promotion of bees, as well as writing and fundraising for pancreatic cancer research. Current director at WAYS Youth and Family Services and WAYS Secondary High School.

**Special responsibilities:** Member of Audit & Governance committee and HR sub Committees

**Interest in shares:** Nil

## Mark Robert McCormack

Non-executive director

**Occupation:** Business manager

**Qualifications, experience and expertise:** Mark is an experienced multi business unit manager in Australian and global markets. He has special expertise in marketing and business strategies planning, driving cultural change to achieve best practice. He has a Bachelor of Commerce from Uni of NSW, completed the Advanced Management Program at Harvard University, and is a Retired Vice President and Managing Director Koppers Australasia. He is also a current Director of Rainbow Club Australia.

**Special responsibilities:** Member of Marketing Sub Committee

**Interest in shares:** Nil

## Rory Kevin Brennan

Non-executive director

**Occupation:** IT Security Practice Manager

**Qualifications, experience and expertise:** Rory has a Bachelor of Computer Science and has completed the AICD Directors course. He has extensive experience in business management, and has previously held Director, Company Secretary, and CEO roles in various businesses.

**Special responsibilities:** Deputy Chair, member of HR Sub Committee

**Interest in shares:** 1,000 ordinary (joint holding)

**Directors (continued)**

### Jessie Leigh Maguire (resigned 16 October 2023)

Non-executive director

**Occupation:** Financial Analyst

**Qualifications, experience and expertise:** Jessie is a Chartered Accountant with over 8 years experience across analysis, restructuring, corporate advisory, and deals in big four and boutique accounting firms. She is currently Head of FP&A at Healius, an ASX listed Healthcare company. Jessie has had extensive exposure to governance issues through advising boards as an external consultant and providing advice relating to compliance with directors' duties.

**Special responsibilities:** Treasurer (appointed 3 September 2020), Member of Audit & Governance committee

**Interest in shares:** Nil

Directors were in office for this entire year unless otherwise stated.

No directors have material interest in contracts or proposed contracts with the company.

**Company Secretary**

The company secretary is Sally Lambley who was appointed to the position of Secretary on 1 February 2021.

Qualifications, experience and expertise: Sally has been employed by the Company since it commenced in 2002, and has been involved in the banking industry for 31 years. She is currently the Customer Service Supervisor for the Company. She has a Certificate IV in Human Resources and has completed a Company Secretarial course through GIA.

**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 these activities during the financial year.

**Directors' interests**

| | Fully paid ordinary shares | | |
|---|---|---|---|
| | Balance at start of the year | Changes during the year | Balance at end of the year |
| Michael Joseph Denavi | 1 | 4,000 | 4,001 |
| Jonathan Hancock | 1,000 | - | 1,000 |
| Elissa Raptis | - | - | - |
| Paul Simmons | - | - | - |
| Keri Barbara Spooner | - | - | - |
| Mark Robert McCormack | - | - | - |
| Rory Kevin Brennan | 1,000 | - | 1,000 |
| Jessie Leigh Maguire (resigned 16 October 2023) | - | - | - |

**Review of Operations**

The profit for the company after providing for income tax amounted to $841,745 (30 June 2023: $1,071,314)

Operations have continued to perform in line with expectations.

### Dividends

| | Year ended 30 June 2024 | |
|---|---|---|
| | Cents | $ |
| Dividends: | | |
| - Dividends provided for and paid in the year | 60.00 | 378,170 |

### 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 that occurred 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

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.

### 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.

### 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.

### 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.

### Meetings of directors

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

| | Board Meetings Attended | |
|---|---|---|
| | E | A |
| Michael Joseph Denavi | 10 | 9 |
| Jonathan Hancock | 10 | 10 |
| Elissa Raptis | 10 | 7 |
| Paul Simmons | 10 | 9 |
| Keri Barbara Spooner | 10 | 5 |
| Mark Robert McCormack | 10 | 8 |
| Rory Kevin Brennan | 10 | 7 |
| Jessie Leigh Maguire (resigned 16 October 2023) | 3 | 1 |

E - eligible to attend  A - number attended

### 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*.

### 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 21 to the accounts.

The board of directors has considered the non-audit services provided during the year by the auditor and are 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 of directors to ensure they do not impact on the impartiality, integrity and objectivity of the auditor; and
- 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

M J Denavi

Michael Denavi, Chair

5th Sept 2024

# Auditor's independence declaration

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 55 684 604 390
afs@afsbendigo.com.au
03 5443 0344

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

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

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

**Andrew Frewin Stewart**
61 Bull Street, Bendigo, Vic, 3550
Dated: 5 September 2024

**Adrian Downing**
**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 | 6 | 2,595,699 | 3,037,728 |
| Other revenue | | 67,185 | - |
| Finance revenue | 7 | 70,491 | 7,386 |
| **Total revenue** | | **2,733,375** | **3,045,114** |
| Employee benefit expenses | 8 | (993,894) | (857,781) |
| Advertising and marketing costs | | (3,403) | (22,390) |
| Occupancy and associated costs | | (28,717) | (17,376) |
| Systems costs | | (30,006) | (28,766) |
| Depreciation and amortisation expense | 8 | (69,907) | (71,628) |
| General administration expenses | | (119,357) | (112,171) |
| **Total expenses before community contributions and income tax** | | **(1,245,284)** | **(1,110,112)** |
| **Profit before community contributions and income tax expense** | | **1,488,091** | **1,935,002** |
| Charitable donations and sponsorships expense | 8 | (355,707) | (498,320) |
| **Profit before income tax expense** | | **1,132,384** | **1,436,682** |
| Income tax expense | 9 | (290,639) | (365,368) |
| **Profit after income tax expense** | | **841,745** | **1,071,314** |
| **Total comprehensive income for the year attributable to the ordinary shareholders of the company:** | | **841,745** | **1,071,314** |
| **Earnings per share** | | **¢** | **¢** |
| - Basic and diluted earnings per share: | 24 | 133.55 | 169.97 |

*The accompanying notes form part of these financial statements*

## Statement of Financial Position
as at 30 June 2024

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | 10 | 1,974,121 | 1,568,366 |
| Trade and other receivables | 11 | 182,104 | 303,693 |
| **Total current assets** | | **2,156,225** | **1,872,059** |
| **Non-current assets** | | | |
| Property, plant and equipment | 12 | 1,376,095 | 1,432,829 |
| Intangible assets | 13 | 39,518 | 52,691 |
| Deferred tax asset | 9 | 32,963 | 22,339 |
| **Total non-current assets** | | **1,448,576** | **1,507,859** |
| **Total assets** | | **3,604,801** | **3,379,918** |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | 14 | 139,937 | 154,036 |
| Current tax liabilities | 9 | 15,800 | 272,920 |
| Employee benefits | 15 | 130,491 | 88,610 |
| **Total current liabilities** | | **286,228** | **515,566** |
| **Non-current liabilities** | | | |
| Trade and other payables | 14 | 14,491 | 28,981 |
| Employee benefits | 15 | 11,743 | 6,607 |
| **Total non-current liabilities** | | **26,234** | **35,588** |
| **Total liabilities** | | **312,462** | **551,154** |
| **Net assets** | | **3,292,339** | **2,828,764** |
| **EQUITY** | | | |
| Issued capital | 16 | 630,284 | 630,284 |
| Retained earnings | | 2,662,055 | 2,198,480 |
| **Total equity** | | **3,292,339** | **2,828,764** |

*The accompanying notes form part of these financial statements*

## Statement of Changes in Equity
for the year ended 30 June 2024

| | Note | Issued capital $ | Retained earnings/ Accumulated losses $ | Total equity $ |
|---|---|---|---|---|
| **Balance at 1 July 2022** | | 630,284 | 1,215,406 | 1,845,690 |
| Total comprehensive income for the year | | - | 1,071,314 | 1,071,314 |
| **Transactions with owners in their capacity as owners:** | | | | |
| Dividends provided for or paid | 18 | - | (88,240) | (88,240) |
| **Balance at 30 June 2023** | | **630,284** | **2,198,480** | **2,828,764** |
| | | | | |
| **Balance at 1 July 2023** | | 630,284 | 2,198,480 | 2,828,764 |
| Total comprehensive income for the year | | - | 841,745 | 841,745 |
| **Transactions with owners in their capacity as owners:** | | | | |
| Dividends provided for or paid | 18 | - | (378,170) | (378,170) |
| **Balance at 30 June 2024** | | **630,284** | **2,662,055** | **3,292,339** |

*The accompanying notes form part of these financial statements*

## Statement of Cash Flows
for the year ended 30 June 2024

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Receipts from customers | | 3,055,283 | 3,203,617 |
| Payments to suppliers and employees | | (1,783,467) | (1,812,438) |
| Interest received | | 70,491 | 7,386 |
| Income taxes paid | | (558,382) | (151,196) |
| **Net cash provided by operating activities** | **20** | **783,925** | **1,247,369** |
| | | | |
| **Cash flows from investing activities** | | | |
| Payments for property, plant and equipment | | - | (1,265) |
| Net cash used in investing activities | | - | (1,265) |
| Cash flows from financing activities | | | |
| Dividends paid | 18 | (378,170) | (88,240) |
| **Net cash used in financing activities** | | **(378,170)** | **(88,240)** |
| | | | |
| **Net cash increase in cash held** | | **405,755** | **1,157,864** |
| Cash and cash equivalents at the beginning of the financial year | | 1,568,366 | 410,502 |
| **Cash and cash equivalents at the end of the financial year** | **10** | **1,974,121** | **1,568,366** |

*The accompanying notes form part of these financial statements*

# Notes to the financial statements

For the year ended 30 June 2024

## Note 1. Reporting entity

This is the financial report for Clovelly Community Financial Services Limited (the company). The company is a for profit entity limited by shares, and incorporated and domiciled in Australia. The registered office and principal place of business is:

| **Registered Office** | **Principal Place of Business** |
|---|---|
| 222-226 Clovelly Rd | 222-226 Clovelly Rd |
| Coogee NSW 2034 | Coogee NSW 2034 |

Further information on the nature of the operations and principal activity of the company is provided in the directors' report. Information on the company's related party relationships is provided in Note 22.

## 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, except for certain properties, financial instruments, and equity financial assets that are measured at revalued amounts or fair values at the end of each reporting period. The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

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.

These financial statements for the year ended 30 June 2024 were authorised for issue in accordance with a resolution of the directors.

## 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.

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

**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 asset 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 the impairment loss (if any).

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. Significant 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**

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

*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.

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

- The company has not experienced any instances of default in relation to receivables owed to the company from Bendigo Bank.

*Fair value measurement hierarchy*

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

Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period

Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market

Level 3: unobservable inputs for the asset or liability.

*Impairment of non-financial assets*

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

*Recovery of deferred tax assets*

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

*Lease term*

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

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

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

**Estimates and assumptions**

*Estimation of useful lives of assets*

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

*Incremental borrowing rate*

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

*Employee benefits provision*

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

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

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

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

*Lease make good provision*

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

## Note 5. Economic dependency

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

| | 2024 $ | 2023 $ |
|---|---|---|
| Revenue: | | |
| - Revenue from contracts with customers | 2,595,699 | 3,037,728 |
| | **2,595,699** | **3,037,728** |
| *Disaggregation of revenue from contracts with customers* | | |
| At a point in time: | | |
| Margin income | 2,380,900 | 2,844,924 |
| Fee income | 91,605 | 83,056 |
| Commission income | 123,194 | 109,748 |
| | **2,595,699** | **3,037,728** |

*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 Goods and Services Tax (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 – margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates.

*Margin income*

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

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

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

*Commission income*

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

## Note 6. 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 7. Finance revenue

| | 2024<br>$ | 2023<br>$ |
|---|---:|---:|
| Cash at bank | 63,727 | 7,018 |
| Term deposits | 4,560 | - |
| Other | 2,204 | 368 |
| | **70,491** | **7,386** |

*Accounting policy for finance revenue*

Finance income is recognised when earned using the effective interest rate method.

## Note 8. Expenses

**Employee benefit expenses**

| | 2024<br>$ | 2023<br>$ |
|---|---:|---:|
| Wages and salaries | 826,526 | 764,346 |
| Contributions to defined contribution plans | 90,643 | 79,195 |
| Expenses related to long service leave | 9,439 | (18,607) |
| Other expenses | 67,286 | 32,847 |
| | **993,894** | **857,781** |

## Note 8. Expenses (continued)

**Depreciation and amortisation expense**

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| *Depreciation of non-current assets:* | | |
| Buildings | 24,935 | 24,935 |
| Leasehold improvements | 12,979 | 12,980 |
| Furniture and fittings | 17,911 | 19,392 |
| Office equipment | 909 | 1,148 |
| | **56,734** | **58,455** |
| *Amortisation of intangible assets:* | | |
| Franchise fee | 13,173 | 13,173 |
| | **13,173** | **13,173** |
| **Total depreciation and amortisation expense** | **69,907** | **71,628** |

**Charitable donations, sponsorship, advertising and promotion**

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 sponsorships, grants and donations).

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Direct sponsorships, grants and donations | 92,549 | 77,267 |
| Contribution to the Community Enterprise Foundation™ | 263,158 | 421,053 |
| | **355,707** | **498,320** |

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

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

**Community Enterprise Foundation™ contributions**

During the financial year the company contributed funds to the Community Enterprise Foundation™ (CEF), the philanthropic arm of the Bendigo Bank. These contributions paid in form part of charitable donations and sponsorship expenditure included in profit or loss.

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| *Disaggregation of CEF funds* | | |
| Opening balance | 371,840 | 11,756 |
| Contributions paid in | 263,158 | 421,053 |
| Grants paid out | (148,807) | (41,053) |
| Interest received | 15,792 | 1,136 |
| Management fees incurred | (13,157) | (21,052) |
| **Balance available for distribution** | **488,826** | **371,840** |

## Note 9. Income tax expense

**Amounts recognised in profit or loss**

| | 2024<br>$ | 2023<br>$ |
|---|---:|---:|
| *Current tax expense/(credit)* | | |
| Current tax | 301,263 | 360,724 |
| Movement in deferred tax | (10,624) | 4,644 |
| | **290,639** | **365,368** |

**Prima facie income tax reconciliation**

| | 2024<br>$ | 2023<br>$ |
|---|---:|---:|
| Operating profit before taxation | 1,132,384 | 1,436,682 |
| Prima facie tax on profit/(loss) from ordinary activities at 25% (2023: 25%) | 252,700 | 330,657 |
| Prima facie tax on profit/(loss) from ordinary activities at 30% (2023: 30%) | 36,476 | 34,217 |
| Tax effect of: | | |
| Non-deductible expenses | 1,464 | 494 |
| Temporary differences | 10,624 | (4,644) |
| Movement in deferred tax | (10,624) | 4,644 |
| | **290,639** | **365,368** |

**Deferred tax**

| | 2024<br>$ | 2023<br>$ |
|---|---:|---:|
| *Deferred tax assets* | | |
| employee provisions | 35,559 | 23,804 |
| **Total deferred tax assets** | **35,559** | **23,804** |
| *Deferred tax liabilities* | | |
| deductible prepayments | 2,596 | 1,465 |
| **Total deferred tax liabilities** | **2,596** | **1,465** |
| **Net deferred tax assets (liabilities)** | **32,963** | **22,339** |

**Current tax**

| | 2024<br>$ | 2023<br>$ |
|---|---:|---:|
| **Income tax payable/(refundable)** | **15,800** | **272,920** |

*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.

## Note 9. Income tax expense (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 at bank and on hand | 1,974,121 | 1,418,366 |
| Term deposits | - | 150,000 |
| | **1,974,121** | **1,568,366** |

Accounting policy for cash and cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise cash on hand and short-term deposits held with banks.

The below figures reconcile to the amount of cash shown in the statement of cash flows at the end of the financial year as follows:

| | 2024 $ | 2023 $ |
|---|---|---|
| Cash at bank and on hand | 1,974,121 | 1,418,366 |
| Term deposits | - | 150,000 |
| | **1,974,121** | **1,568,366** |

## Note 11. Trade and other receivables

| | 2024 $ | 2023 $ |
|---|---|---|
| *Current assets* | | |
| Trade receivables | 171,602 | 297,714 |
| Prepayments | 10,382 | 5,859 |
| Other receivables and accruals | 120 | 120 |
| | **182,104** | **303,693** |

*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. Property, plant and equipment

| | 2024 $ | 2023 $ |
|---|---|---|
| *Land* | | |
| At cost | 591,403 | 591,403 |
| | **591,403** | **591,403** |
| *Buildings* | | |
| At cost | 997,389 | 997,389 |
| Less: accumulated depreciation and impairment | (299,217) | (274,282) |
| | **698,172** | **723,107** |
| *Leasehold improvements* | | |
| At cost | 363,031 | 363,031 |
| Less: accumulated depreciation and impairment | (285,293) | (272,314) |
| | **77,738** | **90,717** |
| *Furniture and fittings* | | |
| At cost | 119,865 | 119,865 |
| Less: accumulated depreciation and impairment | (111,083) | (93,172) |
| | **8,782** | **26,693** |
| *Office Equipment* | | |
| At cost | 12,182 | 12,182 |
| Less: accumulated depreciation and impairment | (12,182) | (11,273) |
| | **-** | **909** |
| **Total written down amount** | **1,376,095** | **1,432,829** |

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

| | 2024 $ | 2023 $ |
|---|---|---|
| *Land* | | |
| Carrying amount at beginning | 591,403 | 591,403 |
| | **591,403** | **591,403** |
| *Buildings* | | |
| Carrying amount at beginning | 723,107 | 748,042 |
| Depreciation | (24,935) | (24,935) |
| | **698,172** | **723,107** |
| *Leasehold improvements* | | |
| Carrying amount at beginning | 90,717 | 103,697 |
| Depreciation | (12,979) | (12,980) |
| | **77,738** | **90,717** |
| *Furniture and fittings* | | |
| Carrying amount at beginning | 26,693 | 44,821 |
| Additions | - | 1,264 |
| Depreciation | (17,911) | (19,392) |
| | **8,782** | **26,693** |

## Note 12. Property, plant and equipment (continued)

| | 2024 $ | 2023 $ |
|---|---|---|
| *Office Equipment* | | |
| Carrying amount at beginning | 909 | 2,057 |
| Depreciation | (909) | (1,148) |
| | **-** | **909** |
| **Total written down amount** | **1,376,095** | **1,432,829** |

*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:

| Asset class | Method | Useful life |
|---|---|---|
| Building | Straight-line | 40 years |
| Leasehold improvements | Straight-line | 10 - 12 years |
| Plant and equipment | Straight-line | 3 years |
| Furniture, fixtures and fittings | Straight-line | 4 years |

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

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

*Changes in estimates*

During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

## Note 13. Intangible assets

| | 2024 $ | 2023 $ |
|---|---|---|
| *Franchise fee* | | |
| At cost | 65,864 | 65,864 |
| Less: accumulated amortisation and impairment | (26,346) | (13,173) |
| **Total written down amount** | **39,518** | **52,691** |

| | | |
|---|---|---|
| Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below: | | |
| *Franchise fee* | | |
| Carrying amount at beginning | 52,691 | 65,864 |
| Amortisation | (13,173) | (13,173) |
| **Total written down amount** | **39,518** | **52,691** |

## Note 13. 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:

| Asset class | Method | Useful life |
|---|---|---|
| Franchise fee | Straight-line | Over the franchise term (5 years) |

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

*Changes in estimates*

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

## Note 14. Trade and other payables

| | 2024 $ | 2023 $ |
|---|---|---|
| *Current liabilities* | | |
| Other payables and accruals | 139,937 | 154,036 |
| | **139,937** | **154,036** |
| *Non-current liabilities* | | |
| Other payables and accruals | 14,491 | 28,981 |
| | **14,491** | **28,981** |
| *Financial liabilities at amortised cost classified as trade and other payables* | | |
| Total trade and other payables | 154,428 | 183,017 |
| less other payables and accruals (net GST payable to the ATO) | (42,613) | (65,985) |
| | **111,815** | **117,032** |

*Accounting policy for trade and other payables*

Where the company is liable to settle an amount within 12 months of reporting date, the liability is classified as current. All other obligations are classified as non-current.

## Note 15. Employee benefits

| | 2024 $ | 2023 $ |
|---|---|---|
| *Current liabilities* | | |
| Provision for annual leave | 54,068 | 19,607 |
| Provision for Personal Leave | 26,239 | 23,122 |
| Provision for long service leave | 50,184 | 45,881 |
| | **130,491** | **88,610** |
| *Non-current liabilities* | | |
| Provision for long service leave | 11,743 | 6,607 |
| | **11,743** | **6,607** |

## Note 15. Employee benefits (continued)

*Accounting policy for short-term employee benefits*

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

*Accounting policy for other long-term employee benefits*

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

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

## Note 16. Issued capital

| | 2024 | | 2023 | |
|---|---|---|---|---|
| | Number | $ | Number | $ |
| Ordinary shares - fully paid | 630,284 | 630,284 | 630,284 | 630,284 |
| | **630,284** | **630,284** | **630,284** | **630,284** |

*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*

<u>Voting rights</u>

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.

<u>Dividends</u>

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).

<u>Transfer</u>

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*.

## Note 16. Issued capital (continued)

*Prohibited shareholding interest*

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").

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 17. Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2024 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 18. Dividends provided for or paid

*Dividends provided for and paid during the period*

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

| | 30 June 2024 | | 30 June 2023 | |
|---|---|---|---|---|
| | Cents | $ | Cents | $ |
| Fully franked dividend | 60.00 | 378,170 | 14.00 | 88,240 |
| **Total dividends provided for and paid during the financial year** | **60.00** | **378,170** | **14.00** | **88,240** |

The tax rate at which dividends have been franked is 25%.

## Note 18. Dividends provided for or paid (continued)

**Franking account balance**

| | 2024 $ | 2023 $ |
|---|---|---|
| *Franking credits available for subsequent reporting periods* | | |
| Franking account balance at the beginning of the financial year | 660,909 | 539,124 |
| Franking transactions during the financial year: | | |
| - Franking credits (debits) arising from income taxes paid (refunded) | 558,374 | 151,198 |
| - Franking debits from the payment of franked distributions | (126,057) | (29,413) |
| **Franking account balance at the end of the financial year** | **1,093,226** | **660,909** |
| Franking transactions that will arise subsequent to the financial year end: | | |
| - Franking credits (debits) that will arise from payment (refund) of income tax | 15,800 | 272,920 |
| **Franking credits available for future reporting periods** | **1,109,026** | **933,829** |

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

*Accounting policy for dividends*

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

## Note 19. 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 consolidated entity 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.

| | Note | 2024 $ | 2023 $ |
|---|---|---|---|
| **Financial assets** | | | |
| Trade and other receivables | 11 | 182,104 | 303,693 |
| Cash and cash equivalents | 10 | 1,974,121 | 1,568,366 |
| | | **2,156,225** | **1,872,059** |
| **Financial liabilities** | | | |
| Trade and other payables | 14 | 154,428 | 183,017 |
| | | **154,428** | **183,017** |

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

## Note 19. Financial risk management (continued)

*Accounting policy for financial instruments*

**Financial assets**

*Classification*

The company classifies its financial assets into the following categories:

- 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 then it is extinguished, cancelled or expires.

**Market risk**

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate 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.

| | | Contractual cash flows | | |
|---|---|---|---|---|
| Financial liability | Carrying amount | Not later than 12 months | Between 12 months and five years | Greater than five years |
| **30 June 2024** | | | | |
| Trade payables | 154,428 | 139,937 | 14,491 | - |
| | **154,428** | **139,937** | **14,491** | **-** |
| **30 June 2023** | | | | |
| Trade payables | 183,017 | 154,036 | 28,981 | - |
| | **183,017** | **154,036** | **28,981** | **-** |

## Note 20. Reconciliation of cash flows from operating activities

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| Net profit after tax from ordinary activities | 841,745 | 1,071,314 |
| Adjustments for: | | |
| - Depreciation | 56,734 | 58,455 |
| - Amortisation | 13,173 | 13,173 |
| Changes in assets and liabilities: | | |
| - (Increase)/decrease in trade and other receivables | 126,111 | (137,920) |
| - (Increase)/decrease in other assets | (4,523) | 6,777 |
| - Increase/(decrease) in trade and other payables | (28,588) | 46,715 |
| - Increase/(decrease) in employee benefits | 47,017 | (25,317) |
| - Increase/(decrease) in tax liabilities | (267,744) | 214,172 |
| **Net cash flows provided by operating activities** | **783,925** | **1,247,369** |

## Note 21. Auditor's remuneration

Amount received or due and receivable by the auditor of the company for the financial year.

| | 2024<br>$ | 2023<br>$ |
|---|---|---|
| *Audit and review services* | | |
| - Audit and review of financial statements | 8,120 | 5,650 |
| *Non audit services* | | |
| -General advisory services | 1,206 | 1,650 |
| - Share registry services | 4,608 | 3,961 |
| **Total auditor's remuneration** | **13,934** | **11,261** |

## Note 22. Key management personnel disclosures

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

Michael Joseph Denavi
Jonathan Hancock
Elissa Raptis
Paul Simmons
Keri Barbara Spooner
Mark Robert McCormack
Rory Kevin Brennan
Jessie Leigh Maguire (resigned 16 October 2023)

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 23. Related party transactions

*Key management personnel*

Disclosures relating to key management personnel are set out in note 22.

*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*

No director or related entity has entered into a material contract with the company.

## Note 24. Earnings per share

| | 2024 $ | 2023 $ |
|---|---|---|
| Profit attributable to ordinary shareholders | 841,745 | 1,071,314 |

| | Number | Number |
|---|---|---|
| Weighted-average number of ordinary shares | 630,284 | 630,284 |
| Basic and diluted earnings per share | 133.55 | 169.97 |

*Accounting policy for earnings per share*

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

## Note 25. Commitments

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

## Note 26. Contingencies

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

## Note 27. 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;
- 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*.

M J DeNavi

Michael Denavi, Chair

5th Sept 2024

# Independent audit report

Andrew Frewin Stewart
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03 5443 0344

## Independent auditor's report to the Directors of Clovelly Community Financial Services Limited

### Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Clovelly Community Financial Services Limited (the company), which comprises:

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

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

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

### Basis for Opinion

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

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

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

Andrew Frewin Stewart
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ABN: 65 684 604 390
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## 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: 5 September 2024

**Adrian Downing**
**Lead Auditor**

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Bendigo Bank