Annual Report

For year ended 30 June 2024

Ettalong Beach
Financial Services Ltd.

ABN 37 110 069 120

Ettalong Beach
Community Bank Branch

Ettalong Beach Financial Services Limited
Annual Report for Year Ended
30 June 2024

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Chairman's Report – For year ending 30 June 2024

Introduction

Dear Shareholder,

On behalf of the Board of Directors and the staff of the Community Bank Ettalong Beach, I am proud to present the 20th Annual Report of Ettalong Beach Financial Services Limited.
We continue to deliver service at the highest levels and achieve profitability for our shareholders.
It is therefore pleasing to report our 14th consecutive profit before tax of $242,857 a decrease of $278,398 on the previous year. This mainly arose from decrease Margin Fee Revenue - $179k + "One-off" $110k for Mobile Lender. We were able to assist the Community with $349,299 via funds held in the Bendigo Community Foundation of $200k + $149,299 from General funds.
The company delivered its twelfth consecutive dividend payment of 10 cents fully franked to shareholders.
We were also able to deliver a top up Dividend of 10 cents per share fully franked in consecutive years.

26 years since the first Community Bank branch opened its doors.

Partnering with Bendigo and Adelaide Bank, we're proud of the contribution we make to what is one of Australia's most trusted brands. Our model has been held up as an example of a great way of doing business
We continue to work closely with our partner, Bendigo and Adelaide Bank, on ways to improve the customer experience. The growth of our existing customer base will mean a growth in your investment and our community's investment in our Community Bank branch.
Our Community Bank branch has played a key role in these milestones over the past 19 years, returning more than $2,118,000 to the local community plus a further $677,256 in dividends returned to local shareholders.
These community contributions, grants and sponsorships have made significant differences to over 50 local organisations/groups. We look forward to continuing to support these groups and others as more people bank with us and we become more successful.

Year under Review and Future Growth

Once again I am extremely thrilled that we have been able to generate monthly profits on a regular basis to achieve our 14th consecutive annual profit and this is fully detailed in the financial statement.
Briefly we achieved an operating profit of $182,947 after Income tax expense of $59,910 and after Charitable Donations, sponsorships and grants expense of $349,299.
Our "Bank Book" – "Deposits/Loans" increased by approximately $21m to $183m million mark as at 30 June 2024. This has been a very difficult economic year globally and in Australia and is fully explained in the Manager's Report.
Our projected forecast in the current year ending 30 June 2025 is a modest growth of $9m to $192m.
Customers increased by +291 to 3640 with an increase in number of accounts of +232 to 5344.

As our business has matured we have established a more reliable cash flow which now allows us to meet greater Community needs. Shareholders will recall that our constitution allows us to pay a maximum of 20% of Annual profits as dividends. Other than maintaining a prudent level of cash reserves we use the remainder of profits for the betterment of our community.

Since 2018 we have directed a portion of expected profits to the Bendigo Community Enterprise Foundation which carries "not for profit" status and is a tax effective method of distributing our profits to our community. As our business has matured we have been able to expand the recipients of our grants.
As at 30th June 2024 we have contributed a total of $885,000 with the BEN Foundation, which has enabled us to assist various groups/organisations that are making a difference to our community. The Foundation Account has a balance of $505,886 for future distribution.
We still maintain our "grass roots" support to local sporting clubs and organisations that are making a difference in our community.
As Shareholders, if you are aware of any needs in our community that you think your Community Bank may be able to assist with please let us know.

Staff

Of course, the successful and continued operation of the Bank is largely reliant on those who have the day- to- day responsibility of running it.
Mr. Pat Italiano our Branch Manager continues to improve the Bank's business. Pat's efforts and those of the staff namely Supervisors, Maree Richardson and Kym Kelleher, and Customer Service Officers Jackie and Jay are to be congratulated on their sterling efforts.

Board of Directors

The Board remains stable and volunteer their many hours of involvement unselfishly and as required. With the retirement of Kerry Watkins we welcomed former Branch Manager Peter McKeon to the board. We also undertook a full board review with the various sub-committees remaining in place.We have also earmarked two new Board prospects to ensure the company is well equipped to meet the challenges ahead.

In Conclusion

Finally, I would like to thank those members of the local community and residents of the Ettalong Beach and surrounding areas who have supported the establishment of the Community Bank Ettalong Beach branch – Bendigo Bank and continue to do their personal and business banking with their local Community Bank branch.
I also thank my fellow Directors and staff who put in many rewarding hours.
It has been a magnificent effort by all those involved.

Retirement of Chair

With sadness and regret this will be my final report to Shareholders as I have informed the Board that I intend to stand down and not seek re-election when my current term expires at this AGM.
I was invited to join the Board in October 2005 and over the past 19 years I have seen the Company experience many highs and some lows especially in its initial 5 years of operation. The highlight was my appointment as Chair in January 2010 and achieving 14 years of continuous profit and dividends to Shareholders. The company is in a sound position and with the current Directors in place the future looks bright and prosperous. Congratulations to Jeanette Polley and Michael Tame who have been appointed as Co-Chairs for the ensuing year.
Once again, thank you for making us your Bank of choice and it has been a pleasure and privilege to serve.

D.J.M. (Mick) Gage
Board Chairman

Branch Manager's Report

2023 / 2024

Our Community Bank continues to pay a vital role locally through the provision of face-to-face banking services. This year saw the closure of the CBA in Umina, making Community Bank Ettalong Beach become the only Bank in Umina & Ettalong. We should acknowledge the foresight of our original steering committee that worked hard to ensure banking services remained. Although the business experienced challenges in the early days, through a lot of hard work from our Staff, Board and strong support from our community, we have a thriving business that will provide local banking services for a long time to come.

Business Performance

Business conditions remained difficult this year, and although inflation was still a concern for the RBA, fortunately interest rates remained steady. This has continued to affect the property and loan market but provided respectable returns for investors.

Loan activity remained subdued, and as we predicted last year our loan book contracted this year by $2.7 million. Our loan book closed the financial year at a respectable $53.3 million. Most of our loan run off was clients selling property and reducing debt. Fortunately, only a small amount of loans were refinanced to other financial institutions and this is attributed to not only competitive interest rates offered by Bendigo Bank but the strong relationships forged with our clients.

Conversely, the higher interest rates on offer resulted in a strong year for deposit growth. We managed to not only retain our existing customers, but attracted many new clients which supported this growth. Our net deposit growth was a little over $20M, with our closing book balance of $123.2 million.

This year, our business footings increased to over $175 million, up $13 Million year on year.

Customer and account numbers continued to increase with the business growing our account numbers by 275 for the year. Our total accounts now exceed 5000 which is a great effort given the size of our local population.

The Year Ahead

It appears that the RBA strategy of increasing rates to tame inflation is beginning to show signs of success, with the cash rate remaining steady this year. The property market has continued to remain with low supply holding prices steady. Whilst we were hopeful that interest rates may fall this year, it is unlikely that this will happen this year but signs are positive for a rate cut next year.

With confidence increasing an the likelihood of further rate increases diminishing, we are hopeful that lending activity will return to more normal levels this year. Further a combination of wages growth (which has not had the predicted effect of increasing inflation) and likely rate cuts will help borrowers in a positive manner.

Community Engagement

This year our Community Engagement was back to its best as we continue to invest our profits back into our Community. Our continued success has allowed our Board to also set aside a further $200K in the Community Enterprise Foundation which will provide much needed support to our Community over the coming years. As always, we are on the hunt for projects that will support our goal of engaging with our Community.

Staff

This year our team remained unchanged and committed as ever to serving our Community. Our customer service team of Maree, Kym, Jackie and Jay continue to ensure a great customer experience for our customers. They are highly regarded by all who come in to contact, whether in the branch or remotely, and it is a pleasure working with them.

As always, a thank you is given to our Directors who give their time on a volunteer basis for all their efforts this year. We thank them for their ongoing support guidance and wisdom.

Our Commitment to Service

As always, customer service remains our key focus and major points of difference to our competitors. We continue to prove that the provision of a face-to-face Banking service is something that is still valued by young and old in the community we serve. In addition to all the new technologies, the fact that our customers can speak to a familiar voice at our Branch continues to provide comfort and support to those who needed it. We continue to encourage the community to come in and experience the difference that is Community Banking.

Pat Italiano

Branch Manager

Sponsorships, Grants and Donations 2023-2024

Bendigo Community Bank Ettalong Beach Branch contributed $166,388 to the following local events and organisations:

Aquatic Signs P/L
Brisbane Water Netball Club
Brisbane Water Secondary College
Catholic Care
Central Coast Collaborative Marketing Group
Central Coast Health Services
Central Coast Junior Rugby League Football Club
Central Coast Rugby League Football Club
Coast Break Netball Club
Crommelin Native Arboretum
Daffodil Dip
Ettalong Bowling Club
Ettalong Beach Bowling – Fishing Club
Ettalong Public School
Everglades Country Club –Men's and Women's Bowls Club
Everglades Country Club – Women's Golf Club
Industrie Group Stadium
Mary Macs
Pacific Link Sleep Out
Peninsula Community Men's Shed
Peninsula Environment Group
Peninsula Junior Touch
RFS – Empire Bay
Rotary Club of Woy Woy
Rotary Club of Umina Beach
Rotary Club of Wyong
Rotary International - RYLA
Salvation Army
Tuxco P/L
Umina Beach Men's Bowling Club
Umina Beach Men's Shed
Umina Beach Netball Club
Umina Community Group
Umina Junior RLFC
Umina United Soccer Club
Variety Club – Children's Charity
Vietnam Veterans Association
Water Ski Club
Woy Woy Peninsula Little Athletics
Woy Woy Peninsula Neighbourhood Service
Woy Woy Rugby League Football Club
Woy Woy Rugby Union Club
Woy Woy Soccer Club
Woy Woy Women's RLFC
Wyong Roos Foundation Day
Wyong Rugby League Football Club
Wyong Town Stadium Signage

Ettalong Beach 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:	Dominic John Michael Gage
Title:	Non-executive director
Experience and expertise:	Michael has 60 years experience in the banking industry. He was a member of Apex, Lions and Rotary clubs and is involved in local sporting groups. Michael is a past director to Everglades Country Club and a past Vice President of Club NSW Central Coast Region Committee.
Special responsibilities:	Chair, Executive Committee

Name:	Donald John Wilson
Title:	Non-executive director
Experience and expertise:	Donald is a CPA qualified accountant with 50 years of experience in public accounting. His experience includes 39 years as principal of Wilson Graham & Associates in Woy Woy.
Special responsibilities:	Treasurer, Executive Committee, Strategic Planning Committee

Name:	Bruce Maxwell Croft
Title:	Non-executive director
Experience and expertise:	Bruce has 42 years of experience in the customer service industry. He is a former secretary of a local soccer club, PCYC and P&C Organisations. He is currently a member of the Rotary Club.
Special responsibilities:	Secretary, Executive Committee, Strategic Planning Committee

Name:	Robert Henry Millwood
Title:	Non-executive director
Experience and expertise:	Robert is a company Director, Accountant, former committee member of Woy Woy RLFC and member of Ocean Beach SLSC.
Special responsibilities:	Deputy Chairman, Assistant Treasurer, Sponsorship and Marketing Committee, Strategic Planning Committee

Name:	Paul David Thomas
Title:	Non-executive director
Experience and expertise:	Paul is a retired Police Officer. He was previously involved in Neighbourhood watch, safety house, Yarran early intervention, and is a committee member of the Woy Woy Rugby League Football Club.
Special responsibilities:	Sponsorship and Marketing Committee

Name:	Jeanette Maxine Polley
Title:	Non-executive director
Experience and expertise:	Jeanette is a School Teacher and University Educator. She has been an Accountant for 26 years and a Retail Small Business Owner for 10 years. Jeanette was also a past President of Ettalong Beach Business Group Inc.
Special responsibilities:	Sponsorship and Marketing Committee, Strategic Planning Committee

Name:	(Sidney) Michael Trewern Tame
Title:	Non-executive director
Experience and expertise:	Michael is a Commercial Director, Lasercraft Australia Limited. He has a Bachelor Business (Marketing, Accounting), Bachelor International Studies (Japanese). FGIA, CPM. Michael has sales marketing and commercial experience with disability, website, telco, publishing and advertising industry experience.
Special responsibilities:	Sponsorship and Marketing Committee

Name:	Kim Meili Radford
Title:	Non-executive director
Experience and expertise:	Kim is a Council Officer with 16 years experience in Local Government. She has a degree in Social Science (Recreation & Tourism), Diplomas in Leadership & Management, and Holiday Park Management. Kim also has a background in Outdoor Education, Holiday Park & Caravan Park Management. She has spent many years volunteering in the community including sporting groups and Gosford Sailing Club.
Special responsibilities:	Nil

Name:	Anthony Peter McKeon
Title:	Non-executive director (appointed 27 June 2024)
Experience and expertise:	Peter is a banking and finance professional with 44 years experience across a variety of banks and commercial lenders. He commenced in banking in 1978 and moved to commercial finance and went on to roles as Regional Manager and State Manager Commercial Banking. Peter has also held a senior role with an international Investment Bank. In 2010 Peter joined Ettalong Beach Financial Services Limited as Branch Manager of Ettalong Beach Branch of Bendigo Community Bank, a role he held for 12 years before seeking a change. Peter currently enjoys a role in Retail Services.
Special responsibilities:	Nil

Name:	Kerry Craig Watkins
Title:	Non-executive director (resigned 18 April 2024)
Experience and expertise:	Kerry was a former Manager of Compliance in NSW Office of State Revenue. He was responsible for managing and conducting state audits of large public and private companies to ensure compliance with NSW payroll tax legislation. Kerry has a certificate in Commerce Accounting Procedures. He was a former Treasurer of Parramatta Golf Club and is now a Director and Chair of the Audit and Finance Committee for Ettalong Memorial Bowling Club.
Special responsibilities:	Collaborative Marketing Committee

Company secretary
The Company secretary is Bruce Maxwell Croft. Bruce was appointed to the position of Company secretary on 30 June 2011.

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 $182,947 (30 June 2023: $390,393).

Operations have continued to perform in line with expectations.

Dividends
During the financial year, the following dividends were declared.

	2024 **$**	**2023** **$**
Interim fully franked dividend of 10 cents per share (2023: 10 cents)	75,671	75,671
Final fully franked dividend of 10 cents per share (2023: 10 cents)	75,671	75,671
	151,342	151,342

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

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

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

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

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

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

	Board		Executive Committee	
	Eligible	Attended	Eligible	Attended
Dominic John Michael Gage	12	12	2	2
Donald John Wilson	12	10	2	2
Bruce Maxwell Croft	12	12	2	2
Robert Henry Millwood	12	12	2	2
Paul David Thomas	12	5	-	-
Jeanette Maxine Polley	12	11	-	-
(Sidney) Michael Trewern Tame	12	8	-	-
Kim Meili Radford	12	5	-	-
Anthony Peter McKeon	1	1	-	-
Kerry Craig Watkins	9	7	-	-

	Strategic Planning	
	Eligible	Attended
Dominic John Michael Gage	1	1
Donald John Wilson	1	1
Bruce Maxwell Croft	1	1
Robert Henry Millwood	1	1
Paul David Thomas	1	1
Jeanette Maxine Polley	1	1
(Sidney) Michael Trewern Tame	1	1
Kim Meili Radford	1	1
Anthony Peter McKeon	-	-
Kerry Craig Watkins	1	1

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

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
Dominic John Michael Gage	10,000	-	10,000
Donald John Wilson	18,500	-	18,500
Bruce Maxwell Croft	5,000	-	5,000
Robert Henry Millwood	5,000	-	5,000
Paul David Thomas	750	-	750
Jeanette Maxine Polley	-	-	-
(Sidney) Michael Trewern Tame	-	-	-
Kim Meili Radford	-	-	-
Anthony Peter McKeon	-	-	-
Kerry Craig Watkins	-	-	-

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

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

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

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

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

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

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

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

Non-audit services
The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 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

Dominic John Michael Gage
Chair

23 September 2024

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

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

As lead auditor for the audit of Ettalong Beach 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: 23 September 2024

Lachlan Tatt
Lead Auditor

Ettalong Beach 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	7	1,359,197	1,531,980
Finance revenue		37,650	16,580
Total revenue		1,396,847	1,548,560
Employee benefits expense	8	(565,860)	(423,787)
Advertising and marketing costs		(36,457)	(12,306)
Occupancy and associated costs		(22,957)	(27,405)
System costs		(15,937)	(17,226)
Depreciation and amortisation expense	8	(66,811)	(63,191)
Finance costs	8	(11,880)	(12,270)
General administration expenses		(84,789)	(61,929)
Total expenses before community contributions and income tax		(804,691)	(618,114)
Profit before community contributions and income tax expense		592,156	930,446
Charitable donations, sponsorships and grants expense	8	(349,299)	(409,191)
Profit before income tax expense		242,857	521,255
Income tax expense	9	(59,910)	(130,862)
Profit after income tax expense for the year		182,947	390,393
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		182,947	390,393
		Cents	**Cents**
Basic earnings per share	26	24.18	51.59
Diluted earnings per share	26	24.18	51.59

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

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

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	122,873	152,816
Trade and other receivables	11	132,294	149,001
Investments	12	707,600	707,453
Current tax assets	9	41,205	-
Total current assets		1,003,972	1,009,270
Non-current assets			
Property, plant and equipment	13	74,074	87,128
Right-of-use assets	14	226,308	280,299
Intangible assets	15	9,803	22,813
Deferred tax assets	9	35,426	33,619
Total non-current assets		345,611	423,859
Total assets		1,349,583	1,433,129
Liabilities			
Current liabilities			
Trade and other payables	16	37,139	32,224
Lease liabilities	17	50,039	43,001
Current tax liabilities	9	-	78,945
Employee benefits	18	56,016	54,589
Total current liabilities		143,194	208,759
Non-current liabilities			
Lease liabilities	17	199,980	255,239
Employee benefits	18	9,357	5,676
Lease make good provision		53,105	51,113
Total non-current liabilities		262,442	312,028
Total liabilities		405,636	520,787
Net assets		943,947	912,342
Equity			
Issued capital	19	722,104	722,104
Retained earnings		221,843	190,238
Total equity		943,947	912,342

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		722,104	(48,813)	673,291
Profit after income tax expense		-	390,393	390,393
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	390,393	390,393
Transactions with owners in their capacity as owners:				
Dividends provided for or provided	20	-	(151,342)	(151,342)
Balance at 30 June 2023		722,104	190,238	912,342

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2023		722,104	190,238	912,342
Profit after income tax expense		-	182,947	182,947
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	182,947	182,947
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	20	-	(151,342)	(151,342)
Balance at 30 June 2024		722,104	221,843	943,947

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

Ettalong Beach 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)		1,505,545	1,640,667
Payments to suppliers and employees (inclusive of GST)		(1,190,302)	(1,110,563)
Interest received		38,418	9,737
Interest and other finance costs paid		(202)	(4)
Income taxes paid		(181,867)	(112,862)
Net cash provided by operating activities	25	171,592	426,975
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(147)	(707,453)
Net cash used in investing activities		(147)	(707,453)
Cash flows from financing activities			
Interest and other finance costs paid		(9,725)	(10,631)
Dividends paid	20	(151,342)	(151,342)
Repayment of lease liabilities		(40,321)	(37,156)
Net cash used in financing activities		(201,388)	(199,129)
Net decrease in cash and cash equivalents		(29,943)	(479,607)
Cash and cash equivalents at the beginning of the financial year		152,816	632,423
Cash and cash equivalents at the end of the financial year	10	122,873	152,816

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

Note 1. Reporting entity

The financial statements cover Ettalong Beach 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 263-267 Ocean View Road, Ettalong Beach NSW 2257.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

As described in note 5, the company is economically dependent on its franchise agreement with Bendigo Bank, which expires in April 2025. The directors have applied significant judgement, concluding that they have no reason to believe a new franchise agreement under mutually acceptable terms will not be forthcoming following expiry of the current agreement in April 2025.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 23 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

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

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

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

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

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

Note 3. Material accounting policy information (continued)

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

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

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

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

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

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

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

Judgements

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

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

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

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

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

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

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

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

Estimates and assumptions

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

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

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

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

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in April 2025.

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

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for the 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.

Note 5. Economic dependency (continued)

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

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

Note 6. Change to comparative figures

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

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparatives figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by $707,453 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.
- To correct a lease liability remeasurement disclosure error from prior year figures, the following adjustments were made. In the Statement of Cash flows, Payments to suppliers and employees increased by $7,839 and Repayment of lease liabilities decreased by $7,839. In the lease liabilities note, reconciliation of lease liabilities the remeasurement adjustments increased by $7,839 and lease payments – total cash outflow decreased $7,839.

The change in classification had no impact on the company's net profit or net asset position.

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by $129,494.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	1,246,856	1,426,201
Fee income	76,094	71,814
Commission income	36,247	33,965
	1,359,197	1,531,980

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

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

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

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

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation
The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

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

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

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

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

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

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	500,910	367,986
Superannuation contributions	51,018	37,300
Expenses related to long service leave	1,372	6,211
Other expenses	12,560	12,290
	565,860	423,787

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	4,629	4,628
Plant and equipment	2,337	3,016
Furniture and fittings	1,257	1,257
Motor vehicles	4,831	4,831
	13,054	13,732
Depreciation of right-of-use assets		
Leased land and buildings	40,747	36,370
Amortisation of intangible assets		
Franchise fee	2,143	2,191
Franchise renewal fee	10,867	10,898
	13,010	13,089
	66,811	63,191

Note 8. Expenses (continued)

Finance costs

	2024 $	2023 $
Lease interest expense	9,726	10,631
Unwinding of make-good provision	1,953	1,635
Other	201	4
	11,880	12,270

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

Charitable donations, sponsorships and grants expense

	2024 $	2023 $
Direct donation, sponsorship and grant payments	138,773	93,402
Contribution to the Community Enterprise Foundation™	210,526	315,789
	349,299	409,191

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

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

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

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	62,803	131,917
Movement in deferred tax	(1,807)	(1,055)
Under/over adjustment	(1,086)	-
Aggregate income tax expense	59,910	130,862
Prima facie income tax reconciliation		
Profit before income tax expense	242,857	521,255
Tax at the statutory tax rate of 25%	60,714	130,314
Tax effect of:		
Non-deductible expenses	282	548
	60,996	130,862
Under/over adjustment	(1,086)	-
Income tax expense	59,910	130,862

Note 9. Income tax (continued)

	2024 $	2023 $
Deferred tax assets / (liabilities)		
Employee benefits	16,632	15,431
Provision for lease make good	13,276	12,778
Accrued expenses	1,125	925
Income accruals	(1,535)	-
Lease liabilities	62,505	74,560
Right-of-use assets	(56,577)	(70,075)
Deferred tax asset	35,426	33,619

	2024 $	2023 $
Income tax refund due	41,205	-

	2024 $	2023 $
Provision for income tax	-	78,945

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 10. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	122,873	152,816

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	117,822	134,046
Other receivables and accruals	1,130	1,130
Accrued income	6,140	6,908
Prepayments	7,202	6,917
	14,472	14,955
	132,294	149,001

Note 11. Trade and other receivables (continued)

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

Note 12. Investments

	2024 $	2023 $
Current assets		
Term deposits	707,600	707,453

Note 13. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	257,520	257,520
Less: Accumulated depreciation	(230,705)	(226,076)
	26,815	31,444
Plant and equipment - at cost	127,441	127,441
Less: Accumulated depreciation	(123,148)	(120,811)
	4,293	6,630
Fixtures and fittings - at cost	30,224	30,224
Less: Accumulated depreciation	(26,943)	(25,686)
	3,281	4,538
Motor vehicles - at cost	72,323	72,323
Less: Accumulated depreciation	(32,638)	(27,807)
	39,685	44,516
	74,074	87,128

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

	Leasehold improvements $	Plant and equipment $	Furniture and fittings $	Motor vehicles $	Total $
Balance at 1 July 2022	36,072	9,646	5,795	49,347	100,860
Depreciation	(4,628)	(3,016)	(1,257)	(4,831)	(13,732)
Balance at 30 June 2023	31,444	6,630	4,538	44,516	87,128
Depreciation	(4,629)	(2,337)	(1,257)	(4,831)	(13,054)
Balance at 30 June 2024	26,815	4,293	3,281	39,685	74,074

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.

Note 13. Property, plant and equipment (continued)

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

Leasehold improvements	14 to 20 years
Plant and equipment	1 to 20 years
Furniture, fixtures and fittings	5 to 20 years
Motor vehicles	15 years

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

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

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

Note 14. Right-of-use assets

	2024 **$**	**2023** **$**
Land and buildings - right-of-use	411,822	452,658
Less: Accumulated depreciation	(185,514)	(172,359)
	226,308	280,299

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	261,458
Remeasurement adjustments	55,211
Depreciation expense	(36,370)
Balance at 30 June 2023	280,299
Remeasurement adjustments	(13,244)
Depreciation expense	(40,747)
Balance at 30 June 2024	226,308

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024 $	2023 $
Franchise fee	93,444	93,444
Less: Accumulated amortisation	(91,809)	(89,666)
	1,635	3,778
Franchise renewal fee	167,247	167,220
Less: Accumulated amortisation	(159,079)	(148,185)
	8,168	19,035
	9,803	22,813

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	5,969	29,933	35,902
Amortisation expense	(2,191)	(10,898)	(13,089)
Balance at 30 June 2023	3,778	19,035	22,813
Amortisation expense	(2,143)	(10,867)	(13,010)
Balance at 30 June 2024	1,635	8,168	9,803

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	April 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	April 2025

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

Change 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 16. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	5,039	2,744
Other payables and accruals	32,100	29,480
	37,139	32,224

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	37,139	32,224
Less: other payables and accruals (net GST payable to the ATO)	(6,129)	(2,872)
	31,010	29,352

Note 17. Lease liabilities

	2024 $	2023 $
Current liabilities		
Property lease liabilities	50,039	43,001
Non-current liabilities		
Property lease liabilities	199,980	255,239

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	298,240	288,024
Remeasurement adjustments	(7,901)	47,372
Lease interest expense	9,726	10,631
Lease payments - total cash outflow	(50,046)	(47,787)
	250,019	298,240

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

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

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

Note 17. Lease liabilities (continued)

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Ettalong Branch	3.80%	5 years	1 x 5 years	Yes	November 2029

Note 18. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	24,937	21,201
Long service leave	31,079	33,388
	56,016	54,589
Non-current liabilities		
Long service leave	9,357	5,676

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.

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	756,711	756,711	756,711	756,711
Less: Equity raising costs	-	-	(34,607)	(34,607)
	756,711	756,711	722,104	722,104

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.

Note 19. Issued capital (continued)

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*.

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

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

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

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

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

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

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

Note 20. Dividends

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

	2024 $	2023 $
Interim fully franked dividend of 10 cents per share (2023: 10 cents)	75,671	75,671
Final fully franked dividend of 10 cents per share (2023: 10 cents)	75,671	75,671
	151,342	151,342

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	112,617	50,202
Franking credits (debits) arising from income taxes paid (refunded)	181,896	112,862
Franking debits from the payment of franked distributions	(50,447)	(50,447)
	244,066	112,617
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	244,066	112,617
Franking credits (debits) that will arise from payment (refund) of income tax	(41,205)	78,945
Franking credits available for future reporting periods	202,861	191,562

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 21. Financial risk management

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

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

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

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

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

Note 21. Financial risk management (continued)

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 11)	125,092	142,084
Cash and cash equivalents (note 10)	122,873	152,816
Investments (note 12)	707,600	707,453
	955,565	1,002,353
Financial liabilities		
Trade and other payables (note 16)	31,010	29,352
Lease liabilities (note 17)	250,019	298,240
	281,029	327,592

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 $122,873 and investments of $707,600 at 30 June 2024 (2023: $152,816 and $707,453).

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.

Note 21. Financial risk management (continued)

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.

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	31,010	-	-	31,010
Lease liabilities	50,903	203,611	21,209	275,723
Total non-derivatives	81,913	203,611	21,209	306,733

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	29,352	-	-	29,352
Lease liabilities	53,735	214,941	67,843	336,519
Total non-derivatives	83,087	214,941	67,843	365,871

Note 22. Key management personnel disclosures

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

Dominic John Michael Gage
Donald John Wilson
Bruce Maxwell Croft
Robert Henry Millwood
Paul David Thomas
Jeanette Maxine Polley
Kerry Craig Watkins
(Sidney) Michael Trewern Tame
Kim Meili Radford
Anthony Peter McKeon

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

Note 24. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,450	5,400
Other services		
Taxation advice and tax compliance services	3,280	3,310
General advisory services	3,967	2,780
Share registry services	6,069	2,100
	13,316	8,190
	19,766	13,590

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 $	2023 $
Profit after income tax expense for the year	182,947	390,393
Adjustments for:		
Depreciation and amortisation	66,811	63,191
Lease liabilities interest	9,725	10,631
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	16,707	(37,601)
Increase in income tax refund due	(41,205)	-
Increase in deferred tax assets	(1,807)	(1,055)
Increase/(decrease) in trade and other payables	10,299	(21,338)
Increase/(decrease) in provision for income tax	(78,945)	19,055
Increase in employee benefits	5,108	2,064
Increase in other provisions	1,952	1,635
Net cash provided by operating activities	171,592	426,975

Note 26. Earnings per share

	2024 $	2023 $
Profit after income tax	182,947	390,393

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	756,711	756,711
Weighted average number of ordinary shares used in calculating diluted earnings per share	756,711	756,711

Note 26. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	24.18	51.59
Diluted earnings per share	24.18	51.59

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Ettalong Beach Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Note 29. 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.

Ettalong Beach 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

Dominic John Michael Gage
Chair

23 September 2024

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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03 5443 0344

Independent auditor's report to the Directors of Ettalong Beach Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Ettalong Beach 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 Ettalong Beach Financial Services Limited, is in accordance with the *Corporations Act 2001*, including:

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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: 23 September 2024

Lachlan Tatt
Lead Auditor

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