Annual Report 2024

Fairy Meadow Community Financial Services Limited

Community Bank Wollongong

ABN 16 104 140 641

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Chairperson's report

For year ending 30 June 2024

The Reserve Bank of Australia's (RBA) conservative stance on monetary policy has continued throughout last financial year with only 1 rate raise throughout the 12 months. which is a significant shift from the previous financial year when the rate shifted from 0.1% to 4.1%.

This stability is good news for our customers who are depositors who have received a steady cash rate over the year. The loan rates continue to impact borrowers and the cost of living pressures and with rates being steady for 12 months there is significant competition for business (based on price) in the marketplace with margins becoming shorter throughout the financial year.

The RBA continues to embark on bringing inflation within their target range of 2-3% and to date it remains above the top bracket of the target range at time of writing. Economists are really balanced where rates are going to lean next while inflation is slowly be brought under control from the highs of 7.8% in the previous financial year.

Employment growth has been surprisingly strong in this high interest rate/high inflation cycle, with the unemployment rate slowly rising through the year to 4% in May 2024 from 3.5% in May 2023. The forecast from economists predicts this to continue to rise upwards to 4.5% throughout this fiscal year. Even with this slow rise, the employment rate has increased by 2.7% over the same period. Thus, showing the economy is still creating jobs in the market throughout 2023-24.

Overall, the Australian economy is currently experiencing a period of below-trend growth, and this is expected to continue for a while yet. Households are facing a painful squeeze on their budgets and consumer demand has slowed considerably, not least because higher than budgeted inflation and rates is eroding people's real incomes. Households continue to transition throughout the year off the low interest rates during the pandemic and are finding conditions very difficult.

In our book this past year, our total retained deposits (both at call and term deposits) had a slight decline in the year as customers have drawn down cash to meet higher interest rates on borrowings and the inflationary impacts on daily cost of living. Lending growth has shown a slight increase in our book a bit smaller than we would have liked as competition in mortgage pricing in the market continues while rates are stagnant.

Fairy Meadow Community Financial Services Limited (FMCFSL) has returned to profitability for a second year running, even with income down due to the tightening of margin in lending. Total Income reduced down to $1,292K from a high of $1,415K in 2022-23. Net income for 2023-24 was $107K (after expenses/tax/dividend payments) after a net income of $456K in 2022-23. Expenses in the year increased to $1,014K from $862K in 2022-23 as the board invested heavily in the business through increased staffing for lending and service as well as increases in sponsorships and donations to several charities and organisations through the year.

This years results has allowed the Board to do a number of things:

- Declare a dividend of 5% for all shareholders, payable before the end of the year
- Through the strategic review of the business, the board continues to invest in lending and now have on the books two in-house lenders and 2 mobile lenders to enhance our lending capabilities.
- Continue to work with a third party specialist to uplift our Marketing and Communications activities to better leverage off the opportunities in the Wollongong region, where demographic forecasts anticipate strong population growth over the next two decades
- Invest in the local community through sponsorship and donations ($52,770)
- Purchased a vehicle with branding which allows us to be more visible in the community.

As reported last year, Bendigo and Adelaide Bank Limited has invested significantly in several initiatives which have had direct benefit to the Community Bank sector in general, and Community Bank Wollongong in particular. This has resulted in an extensive redesign of the content of reporting at the Branch level, enabling Directors to have better visibility of key branch performance matrices, and risk and compliance issues each month.

The Branch structure continues to be strongly led by Stephen Cook in the position of Branch Manager, who continues to have a lending target as well as operational responsibility for the Branch. To support Stephen and lending in house we have promoted Silvana Conti to a Customer Relationship Manager position and Jack Agland to the Customer Relationship Officer role while also welcoming Matthew Fuller to the front counter as a Customer Service Officer. We welcome Joanne Murphy from Bendigo Corporate who has a wealth of lending experience into a Business Development Manager role whose primary responsibilities is community engagement and lending. Joanne reports to Stephen and together with Silvana are already getting involved within the community to promote our branch.

The Board would like to thank all staff for their loyalty, hard work and continuing customer focus during what has been a period of significant change in the Branch. The board would like to congratulate the staff who continue to pursue their career growth with us. As the Chair I feel satisfaction in seeing internal staff moving along with their career goals and as a board we welcome and support that growth from within.

This year saw some changes to the composition of the Board as well. The Board has welcomed Marija Murray in October who now holds the Treasurer role. Sadly, for us we did lose our Chair Anthony Rodwell-Ball. While sad for us Anthony is embarking on many trips with his wife to see all parts of the world. I would like to extend a large thank you for all the work you put into this branch during very difficult times and keeping the ship pointing in the right direction and we have come out the other side in a better place. The board and members thank you for your valued contribution during your tenure and I have large shoes to fill.

On behalf of the Board, I thank you – customers, shareholders and all other stakeholders - for your continued support and loyalty. With the return to profitability, we look forward to investing in and growing the business in 2024 and beyond, and appreciate your support towards this end.

Bobbi Brodie
Chairperson

Manager's report

For year ending 30 June 2024

Having been given the honour of being appointed Branch Manager at Community Bank Wollongong in September 2023 I have thoroughly enjoyed the opportunity that the Board of Directors have given me.

Community banking is very close to my heart and has been for over 40 years. The more that we can support communities and help individuals to achieve their financial needs and lifestyle goals in a helpful and relevant way, the more a community thrives.

In FY 2023/2024 we have built a new team at Community Bank Wollongong including two Mortgage Lenders and we are very committed in all that we do, including locals supporting locals our banking model offers a branch and mobile service (we come to you) and attendance at many local events. We are also supporting local organisations with sponsorships in the health, education and sporting sectors and are expanding our support as needs arise.

As banks close branches in the local area, we are a constant presence (nearing 21 years since opening) and here to support the Wollongong community with a caring and effective approach. We have good parking for customers, an ATM out the front of the Branch and service with a smile and we all love what we do.

2023/2024 has seen the median house price in Wollongong increase to $1,115,000- which now places Wollongong above Brisbane and Melbourne medians. Wollongong has all the hallmarks of a great investment, a relaxed coastal lifestyle and strong employment and infrastructure spending. Being the third largest city in NSW with a population over 220,000- Wollongong is expecting good population growth year on year.

Our Community Bank will be there every step of the way supporting existing and new customers across many demographics. Community Bank Wollongong has helped many customers achieve home ownership this year and whether you are looking to lend or invest we are here to support you. We are experiencing business growth and would love customers to come on the journey with us.

At present we have Lending balances of 50 million and Deposit balances of 106 million with a goal to increase them by 8% and 4% respectively for FY 2024/2025.

Another key focus has been scam awareness and digital banking education with a view to assisting our customers to protect their accounts.

Pop into our branch on the Princes Highway at Fairy Meadow and say hello to the team. The more support we receive the more we can invest in the community. Local banking for local people done with enthusiasm for the mutual benefit of all.

Have you had a health check on your finances lately, we can assist with this.

The Branch team and I would like to thank our customers, our board of directors and our community partners for being there with us and we look forward to continuing to assist by providing financial well-being with our wide range of banking products and services.

I am very privileged to lead a great team of bankers and a wonderful customer base.

Stephen Cook
Branch Manager
Community Bank Wollongong

Bendigo and Adelaide Bank report

For year ending 30 June 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2024

The Directors present their report of the Company for the financial year ended 30 June 2024.

Directors

The following persons were Directors of Fairy Meadow Community Financial Services Limited during or since the end of the financial year up to the date of this report:

Name of Director		Period as Director	Qualifications & Special Responsibilities	
Anthony Rodwell-Ball	resigned	24/05/2024	Company Director	Chairman/Treasurer
Anthony O'Connor	appointed	29/04/2014	Retired CEO	Deputy Chairman
Bobbi Brodie	appointed	19/09/2022	Director - NSW Public Service	Chairman/Treasurer
Mitchell James	appointed	28/02/2022	Company Director	
Teagan Curtin	appointed	26/07/2022	Financial Planner	Secretary
Amy Lewis	appointed	24/03/2023	Leasing Executive	
Marija Murray	appointed	19/10/2023	Accountant	Treasurer

No Directors have material interests in contracts or proposed contracts with the Company.

Directors' meetings

Attendances by each Director during the year were as follows:

	Board Meetings	
Director	Attended	Eligible to Attend
Anthony Rodwell-Ball	4	8
Anthony O'Connor	8	10
Mitchell James	6	10
Teagan Curtin	9	10
Bobbi Brodie	7	10
Amy Lewis	9	10
Marija Murray	8	8

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There have been no significant changes in the nature of these activities during the year.

Review of operations

The profit of the Company for the financial year after provision for income tax was $208,931 (2023 profit $456,850).

Dividends

During the year a dividend was paid totalling $68,000 (10 cents per fully paid share) on 15 December 2023. A final ordinary dividend of $34,000 (5 cents per fully paid share) is proposed to be paid on 2 December 2024 out of retained earnings at 30 June 2024.

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

No significant changes in the Company's state of affairs occurred during the financial year.

Events subsequent to the end of the reporting period

No matters or circumstances have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Environmental regulations

The Company is not subject to any significant environmental regulation.

Indemnifying Officers or Auditor

The Company has agreed to indemnify each Officer (Directors, Secretary and employees) out of assets of the Company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. the Company also has Officers' Insurance for the benefit of Officers of the Company against any liability incurred by an Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 5 of this financial report. No Officer of the Company is or has been a partner of the Auditor of the Company.

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Equity holdings of key management personnel

No Directors or key management personnel held any ordinary shares in the Company during the current or comparative financial year.

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

The directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors on 23 September 2024.

....	....
Anthony O'Connor	Bobbi Brodie
Director	Director

Auditor's independence declaration

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Fairy Meadow Community Financial Services Limited

As lead auditor for the audit of Fairy Meadow 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 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.

Daley & Co
Chartered Accountants

Stephen Milgate
Partner

Wollongong

23 September 2024

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Financial statements

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Profit or Loss and Other Comprehensive Income
for the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue	2	1,292,552	1,415,258
Expenses			
Employee benefits expense	3	(579,405)	(455,910)
Depreciation and amortisation	3	(29,405)	(27,561)
Administration and general costs		(177,947)	(104,610)
Bad and doubtful debts recovered / (expense)	3	(104)	2,104
Lease expenses	26	(116,228)	(127,295)
Property expenses		(32,000)	(23,703)
IT costs		(26,266)	(24,360)
Charitable donations and sponsorships		(52,770)	(101,442)
Profit / (loss) before income tax		**278,427**	**552,481**
Income tax (expense) / benefit	4	(69,496)	(95,631)
Profit / (loss) for the year		**208,931**	**456,850**
Other comprehensive income		-	-
Total comprehensive income / (loss) for the year attributable to the owners of the Company		**208,931**	**456,850**
Profit / (loss) attributable to members of the Company		208,931	456,850
Total comprehensive income attributable to members of the Company		208,931	456,850
Earnings per share for profit from continuing operations attributable to the ordinary equity holders of the Company (cents per share):			
- basic (loss)/ earnings per share		30.73	67.18
- diluted earnings per share		30.73	67.18

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Financial Position
as at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	5	110,297	193,270
Trade and other receivables	6	119,951	146,531
Financial assets	7	963,808	826,469
Other assets	8	22,339	15,560
Total current assets		**1,216,395**	**1,181,830**
Non-current assets			
Property, plant and equipment	9	50,253	37,306
Right of use asset	26	393,593	496,016
Intangible assets	10	60,751	4,395
Deferred tax assets	4	40,729	33,408
Total non-current assets		**545,326**	**571,125**
Total assets		**1,761,721**	**1,752,955**
Liabilities			
Current liabilities			
Trade and other payables	11	72,606	53,915
Current tax liability		5,153	129,039
Lease liabilities		82,907	71,611
Provisions	12	80,774	36,320
Total current liabilities		**241,440**	**290,885**
Non-current liabilities			
Trade and other payables	11	46,264	-
Lease liabilities		360,573	461,979
Provisions	12	59,011	52,589
Total non-current liabilities		**465,848**	**514,568**
Total liabilities		**707,288**	**805,453**
Net assets		**1,054,433**	**947,502**
Equity			
Issued capital	13	680,000	680,000
Profit reserve	15	32,307	32,307
Retained earnings / (accumulated losses)		342,126	235,195
Total equity		**1,054,433**	**947,502**

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Changes in Equity
for the year ended 30 June 2024

	Note	Issued capital $	Retained earnings $	Profit reserves $	Total equity $
Balance at 1 July 2022		680,000	(221,655)	32,307	490,652
Profit for the year ended 30 June 2023		-	456,850	-	456,850
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**456,850**	**-**	**456,850**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	23	-	-	-	-
Balance at 30 June 2023		680,000	235,195	32,307	947,502
Profit for the year ended 30 June 2024		-	208,931	-	208,931
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		**-**	**208,931**	**-**	**208,931**
Transactions with owners, in their capacity as owners					
Dividends paid or provided	23	-	(102,000)	-	(102,000)
Balance at 30 June 2024		680,000	342,126	32,307	1,054,433

Fairy Meadow Community Financial Services Limited
ABN 16 104 140 641
Statement of Cash Flows
for the year ended 30 June 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		1,408,265	1,477,179
Payments to suppliers and employees		(982,844)	(891,068)
Interest paid		(24,783)	(28,670)
Interest received		36,331	14,248
Income tax (paid) / refunded		(200,703)	-
Net cash provided by operating activities	14a	**236,266**	**571,689**
Cash flows from investing activities			
Purchase of property, plant and equipment		(28,611)	(2,282)
Net redemption / (purchase) of investments		(137,339)	(675,524)
Purchase of intangible assets		(8,412)	-
Net cash flows from / (used in) investing activities		**(174,362)**	**(677,806)**
Cash flows from financing activities			
Repayment of lease liabilities		(76,877)	(66,257)
Dividends paid		(68,000)	-
Net cash provided by / (used in) financing activities		**(144,877)**	**(66,257)**
Net increase / (decrease) in cash held		**(82,973)**	**(172,374)**
Cash and cash equivalents at beginning of financial year		193,270	365,644
Cash and cash equivalents at end of financial year	5	**110,297**	**193,270**

Notes to the financial statements

For the year ended 30 June 2024

These financial statements and notes represent those of Fairy Meadow Community Financial Services Limited.

Fairy Meadow Community Financial Services Limited ('the Company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 23 September 2024.

1. Summary of material accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Material accounting policy information relating to the preparation of these financial statements are presented below, and are consistent with prior reporting periods unless otherwise stated.

The Company has adopted the amendments to AASB 101 Presentation of Financial Statements which require only the disclosure of material accounting policy information rather than significant accounting policies and therefore policy information which does not satisfy one of the following requirements has been removed from these financial statements:

- Relates to change in accounting policy
- Policy has been developed in the absence of an explicit accounting standard requirement
- Documents an accounting policy choice
- Relates to an area of significant judgement or estimation
- Relates to a complex transaction and is required to explain the treatment to the user

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank®** branch at Fairy Meadow.

The branch operate as a franchise of Bendigo and Adelaide Bank Limited, using the name "Bendigo Bank", the logo, and systems of operation of Bendigo and Adelaide Bank Limited. the Company manages the Community Bank® branches on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the Community Bank® branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

1. Summary of material accounting policies (continued)

(a) Basis of preparation (continued)

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Economic dependency (continued)
Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank®** branch 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 in relation to:

- Advice and assistance in relation to the design, layout and fit out of the **Community Bank®** branch;
- Training for the Branch Managers 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; and
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/(assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

(c) Fair value of assets and liabilities

The Company may measure some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

1. Summary of material accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the Company at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated over the asset's useful life to the Company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

1. Summary of material accounting policies (continued)

(d) Property, plant and equipment (continued)

The depreciation rates used for each class of depreciable asset are:

Class of asset	*Rate*	*Method*
Leasehold improvements	10%	PC
Plant and equipment	10% - 30%	DV
Fixtures and Fittings	10% - 20%	DV
Motor Vehicles	25%	DV

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Impairment of assets

At the end of each reporting period, the Company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(f) Intangible assets

Franchise fees have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation in the Statement of Profit or Loss and Other Comprehensive Income.

(g) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Summary of material accounting policies (continued)

(g) Revenue and other income (continued)

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Specific revenue streams

The Company recognises revenue from the following major source providing Community Bank ® branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Provision of branch services

Revenue from the provision of branch services is recognised over the period in which the services are rendered. The contract for branch services are subject to a formal franchise agreement.

The agreement includes an enforceable right for the Company to receive payment for work performed to date based on the services provided based upon observable data and therefore the criteria for recognition of revenue over time is met.

The Company's payment terms are 30 days from the end of the month and accordingly there is no financing element to the services provided.

At the end of each month, the Company recognises a receivable as this represents the point in time at which the Company's right to consideration becomes unconditional as a Recipient Created Tax invoice (or equivalent) accompanies the services provided, as only the passage of time is required before payment is due.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the Company.

Interest revenue is recognised on a time proportional basis that taken into account the effective yield on the financial asset.

All revenue is stated net of the amount of goods and services tax (GST).

1. Summary of material accounting policies (continued)

(h) Financial instruments

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

(i) ***Financial assets***

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

Classification

On initial recognition, the Company classifies its financial assets as those to be measured at amortised cost. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the balance sheet.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

1. Summary of material accounting policies (continued)

(i) ***Financial assets (continued)***

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

(ii) ***Financial liabilities***

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.
The financial liabilities of the Company comprise trade payables and finance lease liabilities.

(j) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

1. Summary of material accounting policies (continued)

(j) Impairment of non-financial assets (continued)

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(k) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(l) Dividends

Provision is made for the amount of any dividends declared being appropriately authorised and no longer at the discretion of the Company, on or before the end of the financial year, but not distributed at balance date.

(m) Comparative figures

When required by Accounting Standards comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(n) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the year, adjusted for bonus elements in ordinary shares issues during the year.

(o) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.

1. Summary of material accounting policies (continued)

(o) Leases (continued)

- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(p) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

1. Summary of material accounting policies (continued)

(p) Critical accounting estimates and judgements (continued)

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 intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Employee benefits provision

Assumptions are required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. The timing of when employee benefit obligations are to be settled is also estimated.

Income tax

The Company is subject to income tax. Significant judgement is required in determining the deferred tax asset. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the Company's assessment of future cash flows.

Impairment of property, plant and equipment

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers.

Receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

2. Revenue and other income	2024 $	2023 $
Revenue from contracts with customers		
- services commissions	1,254,648	1,400,079
	1,254,648	1,400,079
Other income		
- interest received	37,904	15,179
	37,904	15,179
Total revenue	**1,292,552**	**1,415,258**

Disaggregation of revenue from contracts with customers

Revenue from contracts with customers has been disaggregated, the following table shows this breakdown:

Timing of revenue recognition		
- At a point in time	-	-
- Over time	1,254,648	1,400,079
Revenue from contracts with customers	1,254,648	1,400,079

3. Expenses

Profit before income tax includes the following specific expenses:

Employee benefits expense		
- wages and salaries	524,251	414,480
- superannuation costs	55,154	41,430
	579,405	455,910
Depreciation and amortisation		
Depreciation		
- plant and equipment	6,253	4,793
- leasehold improvements	9,411	9,584
	15,664	14,377
Amortisation		
- franchise fees	13,741	13,184
Total depreciation and amortisation	29,405	27,561
Bad and doubtful debts (recovered) / expenses	104	(2,104)
Auditor's remuneration		
Remuneration of the Auditor for:		
- Audit or review of the financial report	12,550	11,660

4. Income tax

	2024 $	2023 $
a. The components of tax expense / (income) comprise:		
Current tax expense	62,175	129,039
Deferred tax expense / (income)	7,321	(33,408)
	69,496	**95,631**

a. Prima facie tax payable
The prima facie tax on profit / (loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2024 $	2023 $
Prima facie tax on profit / (loss) before income tax at 25% (2023: 25%)	69,607	138,120
Add tax effect of:		
- Deferred tax assets not previously recognised		
- Under / (over)provision of prior years	-	(33,408)
- Changes in temporary differences	-	234
Less tax effect of:		
- Changes in temporary differences	(111)	-
- Adjustment of tax of prior period	-	3,548
Losses carried forward, not recognised [note 1 (r)]	-	(12,863)
Income tax attributable to the entity	**69,496**	**95,631**

b. Tax losses

	2024 $	2023 $
Unused tax losses for which no deferred tax asset has been recognised	-	-
Potential tax benefit @ 25%	-	-

The unused tax losses can be carried forward indefinitely. See notes 1(b) and 1(r) for information about the non-recognition of tax losses and significant judgements made in relation to them.

	2024 $	2023 $
Deferred tax assets balance comprises:		
Lease liabilities	12,471	9,393
Accruals	1,812	1,788
Employee provisions	26,446	22,227
Net deferred tax asset	**40,729**	**33,408**
Total carried forward tax losses not recognised as deferred tax assets	-	-

5. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	110,297	193,270
	110,297	**193,270**

6. Trade and other receivables	2024 $	2023 $
Current		
Trade receivables	109,514	137,668
Other receivables	10,437	8,863
	119,951	**146,531**

Credit risk

The main source of credit risk relates to a concentration of trade receivables owing by Bendigo and Adelaide Bank Limited, which is the source of the majority of the Company's income.

The following table details the Company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the Company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

			Past due but not impaired			
	Gross amount	Past due and impaired	< 30 days	31-60 days	> 60 days	Not past due
2023	$	$	$	$	$	$
Trade receivables	137,668	-	-	-	-	137,668
Other receivables	8,863	-	-	-	-	8,863
Total	**146,531**	**-**	**-**	**-**	**-**	**146,531**
2024						
Trade receivables	109,514	-	-	-	-	109,514
Other receivables	10,437	-	-	-	-	10,437
Total	**119,951**	**-**	**-**	**-**	**-**	**119,951**

7. Financial assets

Amortised cost assets		
Term deposits	963,808	826,469
	963,808	826,469

The effective interest rate on short-term bank deposits was between 4.05% and 4.8% (2023: 2% - 4.25%); these deposits have a maturity of between 2 and 9 months.

8. Other assets

Prepayments	22,339	15,560
	22,339	**15,560**

9. Property, plant and equipment	2024 $	2023 $
Leasehold improvements		
At cost	114,151	114,151
Less accumulated depreciation	(103,415)	(94,004)
	10,736	20,147
Fixtures and Fittings		
At cost	123,860	122,379
Less accumulated depreciation	(116,008)	(113,310)
	7,852	9,069
Plant and equipment		
At cost	95,793	93,843
Less accumulated depreciation	(88,584)	(85,753)
	7,209	8,090
Motor Vehicles		
At cost	25,180	-
Less accumulated depreciation	(724)	-
	24,456	-
Total property, plant and equipment	**50,253**	**37,306**

Movements in carrying amounts

	2024 $	2023 $
Leasehold improvements		
Balance at the beginning of the reporting period	20,147	29,731
Depreciation expense	(9,411)	(9,584)
Balance at the end of the reporting period	10,736	20,147
Fixtures and Fittings		
Balance at the beginning of the reporting period	9,069	10,555
Additions	1,481	-
Depreciation expense	(2,698)	(1,486)
Balance at the end of the reporting period	7,852	9,069
Plant and equipment		
Balance at the beginning of the reporting period	8,090	9,137
Additions	1,950	2,282
Disposals	-	(22)
Depreciation expense	(2,831)	(3,307)
Balance at the end of the reporting period	7,209	8,090
Motor Vehicles		
Balance at the beginning of the reporting period	-	-
Additions	25,180	-
Depreciation expense	(724)	-
Balance at the end of the reporting period	24,456	-

	Note	2024 $	2023 $
9. Property, plant and equipment (continued)			
Total property, plant and equipment			
Balance at the beginning of the reporting period		37,306	49,423
Additions		28,611	2,282
Disposals		-	(22)
Depreciation expense		(15,664)	(14,377)
Balance at the end of the reporting period		**50,253**	**37,306**

10. Intangible assets

	Note	2024 $	2023 $
Franchise fee			
At cost		70,097	65,919
Less accumulated amortisation		(9,346)	(61,525)
Total intangible assets		**60,751**	**4,394**

Movements in carrying amounts

	Note	2024 $	2023 $
Franchise fee			
Balance at the beginning of the reporting period		4,394	17,578
Additions		70,098	-
Amortisation expense		(13,741)	(13,184)
Balance at the end of the reporting period		**60,751**	**4,394**

11. Trade and other payables

	Note	2024 $	2023 $
Current			
Unsecured liabilities:			
Trade creditors		15,648	10,550
Other creditors and accruals		56,958	43,365
		72,606	53,915
Non-current			
Unsecured liabilities			
Other creditors		46,264	-
Total trade and other payables		**118,870**	**53,915**

The average credit period on trade and other payables is one month.

12. Provisions

	Note	2024 $	2023 $
Current			
Annual leave		31,795	20,326
Long service leave		14,979	15,994
Dividend	23	34,000	-
		80,774	36,320
Non-current			
Long service leave		5,398	1,573
Make good provision		53,613	51,016
		59,011	52,589
Total provisions		**139,785**	**88,909**

13. Share capital	2024 $	2023 $
680,000 Ordinary shares fully paid	680,000	680,000
	680,000	**680,000**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	680,000	680,000
Shares issued during the year	-	-
At the end of the reporting period	**680,000**	**680,000**

Ordinary shares participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

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 monitors the return on capital and the level of dividends 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 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 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

14. Cash flow information	2024 $	2023 $
(a) Reconciliation of cash flow from operations with profit after income tax		
Profit / (loss) after income tax	208,931	456,850
Non-cash flows in profit		
- Depreciation	104,562	104,562
- Amortisation	13,184	13,184
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	26,580	(63,576)
- (increase) / decrease in prepayments and other assets	(6,780)	5,168
- (Increase) / decrease in deferred tax asset	(7,321)	(33,408)
- Increase / (decrease) in trade and other payables	6,717	533
- Increase / (decrease) in current tax liability	(123,886)	129,039
- Increase / (decrease) in provisions	14,279	(40,663)
Net cash flows from operating activities	**236,266**	**571,689**

15. Reserves

This reserve records the net undistributed profit from the year ending 30 June 2019 which is available for distribution at a later time.

16. Earnings per share	2024 $	2023 $
Basic earnings per share (cents)	30.73	67.18
Earnings used in calculating basic and diluted earnings per share	208,931	456,850
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share.	680,000	680,000

17. Key management personnel and related party disclosures

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

The totals of remuneration paid to key management personnel of the Company during the year are as follows:

	2024 $	2023 $
Short-term employee benefits	-	-
Post-employment benefits	-	-
Other long-term benefits	-	-
Share-based payments	-	-
Total key management personnel compensation	-	-

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the Company. No Director fees have been paid as the positions are held on a voluntary basis.

The Fairy Meadow Community Financial Services Limited has accepted the Bendigo and Adelaide Bank Limited's **Community Bank®** Directors Privileges package. The package is available to all Directors who can elect to avail themselves of the benefits based on their personal banking with the branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits.

The package mirrors the benefits currently available to Bendigo and Adelaide Bank Limited shareholders. The Directors have estimated the total benefits received from the Directors Privilege Package to be trivial.

17. Key management personnel and related party disclosures (continued)

(d) Key management personnel shareholdings

No Directors or key management personnel held any ordinary shares in the Company during the current or comparative financial year.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

18. Events after the reporting period

There have been no events after the end of the financial year that would materially affect the financial statements.

The financial report was authorised for issue on 23 September 2024 by the Board of Directors.

19. Contingent liabilities and contingent assets

There were no contingent liabilities or assets at the date of this report to affect the financial statements.

20. Operating segments

The Company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being the Illawarra, NSW. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2023: 100%).

21. Commitments

Refer to note 26 for information on leases.

22. Company details

The registered office and principal place of business is 37-39 Princes Highway, Fairy Meadow NSW 2519.

23. Dividends paid or provided for on ordinary shares

Dividends paid or provided for during the year

A fully franked dividend of $68,000 (10 cents per fully paid share) was declared on 15 September 2023 and paid on 15 December 2023 out of retained earnings at 30 June 2023. (2023: nil per share).

A final fully franked ordinary dividend of $34,000 (5 cents per fully paid share) is due to be paid on 2 December 2024 out of retained earnings at 30 June 2024.

	2024	2023
Franking account	**$**	**$**
The franking credits available for subsequent financial years at a tax rate of 25%.	156,654	129,039

The above available balance is based in the dividend franking account balance at year-end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;
(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end.

24. Fair value measurements

The carrying amounts of assets and liabilities recorded in the financial statements represent their fair values, as determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

25. Financial risk management

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Governance Committee which reports regularly to the Board.

Specific financial risk exposure and management

The main risks the Company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and other price risk. There have been no substantial changes in the types of risks the Company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

The Company's financial instruments consist mainly of deposits with banks, short term investments, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 *Financial Instruments: Recognition and Measuremen* t as detailed in the accounting policies are as follows:

	Note	2024 $	2023 $
Financial assets			
Cash and cash equivalents	5	110,297	193,270
Trade and other receivables	6	119,951	146,531
Financial assets	7	963,808	826,469
Total financial assets		1,194,056	1,166,269
Financial liabilities			
Trade and other payables	11	118,870	53,915
Lease Liabilities		443,480	533,590
Total financial liabilities		562,350	587,505

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

Credit risk is managed through maintaining procedures ensuring, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

Credit risk exposures

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the table above.

25. Financial risk management (continued)

The Company has significant concentrations of credit risk with Bendigo and Adelaide Bank Limited. The Company's exposure to credit risk is limited to Australia by geographic area.

None of the assets of the Company are past due (2023: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

(b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. the Company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the Company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

30 June 2024	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	1%	110,297	110,297	-	-
Trade and other receivables	0%	119,951	119,951	-	-
Financial assets	3%	963,808	963,808	-	-
Total anticipated inflows		1,194,056	1,194,056	-	-
Financial liabilities					
Trade and other payables	0%	118,870	72,606	46,264	-
Lease liabilities	0%	443,480	82,907	360,573	
Total expected outflows		562,350	155,513	406,837	-
Net inflow / (outflow) on financial instruments		631,706	1,038,543	(406,837)	-

25. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2023	Weighted average interest rate %	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial assets					
Cash and cash equivalents	1%	193,270	193,270	-	-
Trade and other receivables	0%	146,531	146,531	-	-
Financial assets	3%	826,469	826,469	-	-
Total anticipated inflows		1,166,270	1,166,269	-	-
Financial liabilities					
Trade and other payables	0%	53,915	53,915	-	-
Lease liabilities	0%	533,590	71,611	410,676	51,303
Total expected outflows		587,505	125,526	410,676	51,303
Net inflow / (outflow) on financial instruments		578,765	1,040,743	(410,676)	(51,303)

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

(c) Market risk (continued)

The financial instruments that primarily expose the Company to interest rate risk are fixed interest securities, cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

25. Financial risk management (continued)

Sensitivity analysis (continued)

Year ended 30 June 2024	**Profit $**	**Equity $**
+/- 1% in interest rates (interest income)	10,741	10,741
	10,741	10,741

Year ended 30 June 2023	**Profit $**	**Equity $**
+/- 1% in interest rates (interest income)	10,197	10,197
	10,197	10,197

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

The Company has no exposure to fluctuations in foreign currency.

(d) Price risk

The Company is not exposed to any material price risk.

26. Leases

Company as a lessee
The Company has leases over its office premises. The Company has chosen not to apply AASB 16 to leases of intangible assets. Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases:

The property premises lease is for 60 months, with CPI increases each year, with no option to extend. The agreement includes a make-good clause to restore the leased premise to its former condition upon lease termination.

	2024 $	**2023 $**
Year end 30 June 2023		
Balance at beginning of year	496,016	557,978
Adjustment to right-of-use assets	(13,598)	28,223
Additions to right-of-use assets		-
Depreciation charge	(88,825)	(90,185)
Balance at end of year	393,593	496,016

26. Leases (continued)

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2024 $	2023 $
Depreciation expense	(88,825)	(90,185)
Adjustment to lease liability	-	(5,891)
Interest expense	(27,403)	(31,219)
	(116,228)	(127,295)
Statement of Cash Flows		
Total cash outflow for leases	101,660	98,264

Consolidated Entity Disclosure Statement

Fairy Meadow Community Financial Services Limited does not have any controlled entities and is therefore not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore Section 295(3A)(a) of the Corporations act 2001 does not apply to the entity.

Directors' declaration

For the financial year ended 30 June 2024

In accordance with a resolution of the Directors of Fairy Meadow Community Financial Services Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 32 are in accordance with the *Corporations Act 2001* and:

   (i) comply with Australian Accounting Standards which, as stated in accounting policy Note 1(a) to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and

   (ii) give a true and fair view of the Company's financial position as at 30 June 2024 and of the performance for the year ended on that date;

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This resolution is made in accordance with a resolution of the Board of Directors.

....

Anthony O'Connor
Director

....

Bobbi Brodie
Director

Signed on 23 September 2024

Independent audit report

Independent Audit Report
to the members of Fairy Meadow Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

In our opinion, the accompanying financial report of the Company 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; 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* (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 opinion.

Information Other than the Financial Report and Auditor's Report

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is included in the Directors' report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

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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 on the other information obtained prior to the date of this auditor's report, 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 Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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, related safeguards.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on page 4 of the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Fairy Meadow Community Financial Services Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Daley & Co
Chartered Accountants

Stephen Milgate
Partner

Wollongong
23 September 2024

Liability limited by a scheme approved under Professional Standards Legislation

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Bendigo Bank