Annual Report 2024

Galston Financial Services Limited

Community Bank
Galston & District

ABN 23 097 581 854

Celebrating 20 Years in 2023
and donating $3m back to the community

Galston Financial Services Limited

ACN 097 581 854

NOTICE OF ANNUAL GENERAL MEETING

The 21st Annual General Meeting of Shareholders will be held at
The Galston Club 21-25 Arcadia Road Galston NSW
On Monday 11th November 2024 at 7.30 pm

Agenda

1) Welcome

2) Reports

a) The Chairman, Ralph Steele, will present his report on the operations of the Company for the year ended 30th June 2024.

b) The Manager, Mr Savio Pereira, will present his report for the year ended 30th June 2024.

3) Financial Statements and Reports

To receive and consider the financial statements and reports to the shareholders comprising:-

a) The Financial Statements of the Company for the year ended 30th June 2024.

b) The directors' declaration and report for the financial year ended 30th June 2024.

c) The auditor's report for the financial year ended 30th June 2024.

A copy of the AGM Report and the Audited Financial Statements can be found on our website at www.bendigobank.com.au/galston . For those shareholders without internet access, printed copies are available at the Galston Community Bank Branch, 348 Galston Road Galston.

4) Directors

To consider, and if thought fit, to pass the following resolutions as ordinary resolutions:

a. That pursuant to article 62(1) of the Company's Constitution, Diana Paton retires as a director, and being eligible is re-elected as a director;
b. That pursuant to article 62(1) of the Company's Constitution, Dennis Phillips retires as a director, and being eligible is re-elected as a director;
c. That pursuant to article 62(1) of the Company's Constitution, Ralph Steele retires as a director, and being eligible is re-elected as a director;

5) General Business

To consider any other business that may lawfully be brought forward by the members of the Company.

By order of the Board
Ralph Steele, Chairman, 14th October 2024

Galston Financial Services Limited

ACN 097 581 854

PROXY FORM

I, ...

(Full Name - BLOCK letters)

of ....

(Address)

being a member of Galston Financial Services Limited

HEREBY APPOINT...

(Name of Proxy)

OR failing such appointment or the absence of that person, the Chair of the Meeting, as my Proxy to vote for me on my behalf (with discretion as to any business not referred to below) at the Annual General Meeting of members of the Company to be held on 11th November 2024. (Voting instructions to be indicated by placing a tick in the appropriate box. If no instruction is given the Proxy may vote as that person thinks fit, or abstain.)

Business	**FOR**	**AGAINST**	**ABSTAIN**
1. Receive Financial Statements and Reports	❏	❏	❏
2. Election of Directors			
a. Diana Paton	❏	❏	❏
b. Dennis Phillips	❏	❏	❏
c. Ralph Steele	❏	❏	❏

Individual Shareholder
Signature of Shareholder .... Date.............................

Company Shareholder Sole Director Company Yes ❏ No ❏

Signature of Director/Secretary ....Date............................

Signature of Director/Secretary...Date............................

THE RULES FOR VOTING BY PROXY ARE DETAILED ON PAGE 4 OF THIS ANNUAL GENERAL MEETING NOTICE

Galston Financial Services Limited
ACN 097 581 854
RULES FOR VOTING BY PROXY

a) Who may appoint a proxy? Each shareholder has the right to appoint a proxy to attend and vote for the shareholder at this meeting.

b) Shareholders appointing two proxies. To enable a shareholder to divide their voting rights, a shareholder may appoint two proxies. Where two proxies are appointed:
   i) a separate Proxy Form should be used to appoint each proxy;
   ii) the Proxy Form may specify the proportion, or the number, of votes that the proxy may exercise, and if it does not do so the proxy may exercise half of the votes.

c) Who may be a proxy? A shareholder can appoint any other person to be their proxy. A proxy need not be a shareholder of the Company. The proxy appointed can be described in the Proxy Form by an office held, for example, "the Chair of the Meeting".

d) Signature(s) where shareholder is an individual: In the case of shareholders who are individuals, the Proxy Form must be signed:
   i) If the shares held by one individual, by that shareholder;
   ii) If the shares held in joint names, by any one of them.

e) Signature(s) where shareholder is a company. In the case of shareholders who are companies, the Proxy Form must be signed:
   i) If it has a sole director who is also sole company secretary, by that director (and stating the fact next to, or under, the signature on the Proxy Form);
   ii) In the case of any other company, by either two directors or a director and company secretary.

The use of the common seal of the company, in addition to those required signatures, is optional.

f) Authorised persons/attorneys. If the person signing the Proxy Form is doing so under power of attorney, or is an officer of a company outside of (e) above but authorised to sign the Proxy Form, the power of attorney or other authorisation (or certified copy of it), as well as the Proxy Form, must be received by the Company by the time and at the place in (g) below.

g) Where to lodge and deadline. A Proxy Form accompanies this notice. To be effective, Proxy Forms (duly completed and signed) must be received by the Company at is registered office at 348 Galston Road, Galston, NSW, 2159 no later than 12 noon on Friday 8th November 2024 and marked for the Attention of the Company Secretary.

Chairman’s Report
2023/204 Board Report

Well, it is hard to believe that yet another year has rolled by.

The Galston Community Bank remains the benchmark for Community Banks in NSW.

We have become stronger in both banking services and the support of our Community. To date we have given over $3.5 million back to our Community in diverse and beneficial ways.

It is a big thanks to our staff and board, there have been challenging times during the year but with great team work we have managed a good profit.

This year we will be giving a dividend of $0.17 cents per share, fully franked.

Our bank continues to operate profitably as a result of the tremendous support by our community. Remember, the more support with banking business which comes our way, the more we can support our community. Keep the requests for donations and sponsorships coming in, because that is a main reason we are here, we also offer personalised banking business with a very friendly staff.

A big thanks to our staff, board, shareholders and community for our success.

Ralph Steele
Chairman
Galston Financial Services Ltd

Branch Manager's Report
FY 2023-24

On behalf of the Galston branch, I am privileged to present our 4th Consecutive written report to our valued shareholders.

This is the time that I especially record our Team's appreciation to acknowledge the continued support of the key stakeholders of our business; The Board, Clients, our loyal local community and our staff members whose support and commitment has enabled us to report positive results.

Many of us have encounter the word 'VUCA world.' This stands for volatility, uncertainty, complexity and ambiguity and are the characteristics of today's world where we have to continuously analyse, evolve, respond and plan for. As we enter the 23rd year of operations, it is indeed a moment of pride as we pause and appreciate the efforts that have made us report very encouraging results.

Like every year this year too had its unique dynamics of high interest rates, inflationary trends and touch monitory policies. Despite these in overall terms, our business has recorded growth in Lending, Deposits, Business banking, insurance & Equipment finance, and this has had a very positive impact on gross margins. This means that our returns to shareholders and to our community in 2023-24 continue to be positive. Again, this would not have been possible without the prompt support and proactive strategies form the Board and the staff who have stepped into new roles to handle the challenges that confronted them in an aggressive market. Well done and Thank you.

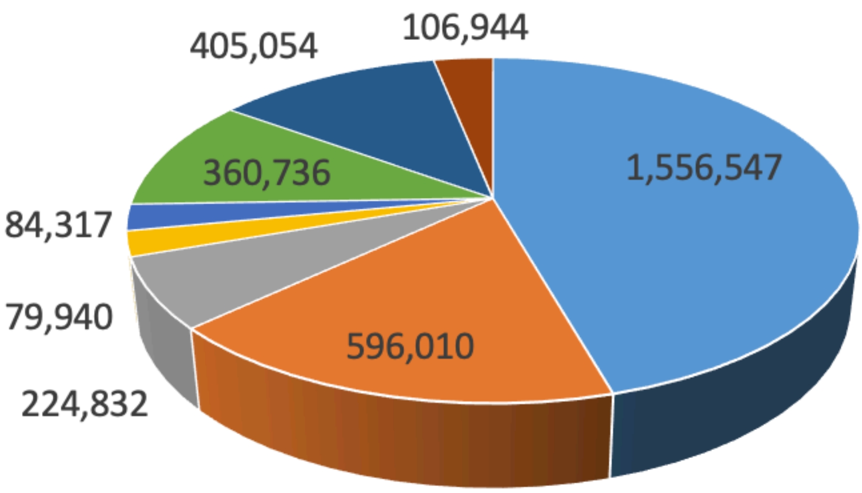
At this time, I would like to specially mention and appreciate the services of Debbie Bagshaw. Debbie retired after 13 years of loyal service. We wish her all the success in her future endeavours.

Highlights for the Financial year 23-24 are as follows:

- Number of accounts: 7,673 increase of 478 new accounts, Net growth of 6%
- Total deposits: $245 million, increase of $12 million, Net growth of 5%
- Total Loans: $82.3 million, increase of $10.4 million, Net growth of 14%
- Total business: $327.3 million, increase of $22 million, Net growth of 7%
- Net profit before tax, Sponsorships & Donations: $1,475,970
- Dividends returned to shareholders: 17 cents for every share fully franked.
- Sponsorships, Donations and Community grants paid: totally $313,400

Our branch contribution towards Sponsorships, Donations & Community Grants till date exceeds $3.4Mn. This reflects our investment to support such local community endeavours and build on strengthening the community connect.

Sponsorships, Donations and Community grants for the year show balanced distribution mix as can be referred from the graph.



Positive Outlook:

While motivated with overall satisfactory performance, we are now looking at 24-25 with a fresh outlook and renewed Vigor. In the year going forward, we estimate that the growth outlook would be stead and positive and this will see us through a steady improvement during the next financial year.

We continue to build and consolidate on the four identified opportunity pillars.

1) Home loans
2) Small and Commercial Business
3) Brand Building in new targeted geographies & areas
4) Community interaction and Engagement

It is our endeavour to continue value-based awareness and engagement with relevant community groups through events, sponsorships aiming for adequate market coverage.

This will reflect in our team's efforts and commitment to service Galston's customers and prospective ones in the surrounding communities. We expect to be enabled by our superiors and customized offerings coupled with superior quality of solutions and services so that we can bring in superior returns for our shareholders.

Savio Pereira
Branch Manager

Galston Financial Services Limited

ABN 23 097 581 854

Financial Report - 30 June 2024

Galston 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:	Ralph Henry Steele
Title:	Non-executive director
Experience and expertise:	Director of Location Sound and Berrilee Boarding Kennels. Member of original steering committee and original Chairman of Galston Financial Services Limited.
Special responsibilities:	Chair
Name:	Diana Mary Paton
Title:	Non-executive director
Experience and expertise:	Director Adelphi Printing Pty Ltd - current. Head of European Settlements, JP Morgan Sydney. Manager, Money Market Settlements, JP Morgan Sydney. President Galston High School P&C. President Dural & Round Corner Chamber of Commerce. Original Member of the Steering Committee of Galston Financial Services.
Special responsibilities:	Marketing Committee
Name:	Jacqualine Lucile Pakinga
Title:	Non-executive director
Experience and expertise:	Director and Co-Founder of Core Body Business Pty Ltd. HR professional with over 15 years corporate experience. Post Grad Dip Human Resources, Certified Practitioner and Certified Professional of the Australian Human Research Institute (AHRI).
Special responsibilities:	Nil
Name:	Dennis Arthur Phillips
Title:	Non-executive director
Experience and expertise:	Director of DA & PK Phillips Stock Feed Merchant. Member of original steering committee of Galston Financial Services Limited.
Special responsibilities:	Sponsorships / Donations Committee
Name:	Darren Pietro Bonaccordo
Title:	Non-executive director
Experience and expertise:	Military Service RAF - Commissioned Officer - 21 years. Director of Building Services Company. Project Manager for Livestock Company. Partner/Manager Elude Escape Room.
Special responsibilities:	Nil
Name:	Callum Hoogesteger
Title:	Non-executive director
Experience and expertise:	Callum holds a BSc in Computing Science and is an IT industry veteran of 25+ years with broad experience across all aspects of solution and software design, delivery and maintenance. Callum is involved in Glenorie Mission Church and several community not-for-profit organisations.
Special responsibilities:	Marketing Committee, HR Committee
Name:	John Stephen Dakin
Title:	Non-executive director
Experience and expertise:	John holds a Bachelor of Business (Accounting) from UTS and is a graduate of the Senior Executive Course Massachusetts Institute of Technology. Until 31 December 2022 when he retired as the Chief Operating Officer of Westmead Institute for Medical Research with responsibilities for management of the accounting, HR, ITC, fundraising, commercialisation, scientific equipment and facility management. John has previously held senior executive roles in Health Insurance, Merchant Banking, Venture Capital and Construction.
Special responsibilities:	Treasurer

Name:	Alexander Torville
Title:	Non-executive director
Experience and expertise:	Alexander is Project Manager, Property Development. His qualifications include: BCom, Majoring in Accounting and International Business (complete MQ), Graduate Certificate Property Development (complete UTS), Certificate IV in Finance and Brokering (complete) and Master of Property Development & Real Estate Investment (undertaking UTS). Alex is a passionate and dedicated Real Estate Development professional with a demonstrated history of working across the whole-of-lifecycle of property. Alex currently works for a boutique diversified property and advisory group.
Special responsibilities:	Nil

Company secretary
The company secretary is John Stephen Dakin. John was appointed to the position of company secretary on 28 March 2022.

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 $944,617 (30 June 2023: $1,165,738).

Operations have continued to perform in line with expectations.

Dividends
During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2024 $	2023 $
Fully franked dividend of 17 cents per share (2023: 14 cents)	138,856	114,352

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

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

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

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

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

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

	Board Eligible	Board Attended
Ralph Henry Steele	11	9
Diana Mary Paton	11	7
Jacqualine Lucile Pakinga	11	6
Dennis Arthur Phillips	11	11
Darren Pietro Bonaccordo	11	11
Callum Hoogesteger	11	8
John Stephen Dakin	11	9
Alexander Torville	11	10

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 25 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests
The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Ralph Henry Steele	10,000	-	10,000
Diana Mary Paton	500	-	500
Jacqualine Lucile Pakinga	-	-	-
Dennis Arthur Phillips	8,233	-	8,233
Darren Pietro Bonaccordo	1,400	15,000	16,400
Callum Hoogesteger	6,500	-	6,500
John Stephen Dakin	2,000	-	2,000
Alexander Torville	-	-	-

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 26 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

Ralph Henry Steele
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 Galston Financial Services Limited

As lead auditor for the audit of Galston 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

Adrian Downing
Lead Auditor

Galston 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	2,220,752	2,455,607
Other revenue	8	74,170	89,392
Finance revenue		116,177	41,211
Fair value gains on financial assets	9	80,314	53,954
Total revenue		2,491,413	2,640,164
Employee benefits expense	10	(801,283)	(700,179)
Occupancy and associated costs		(32,903)	(22,816)
System costs		(19,179)	(17,869)
Depreciation and amortisation expense	10	(38,608)	(22,234)
General administration expenses		(123,470)	(115,196)
Total expenses before community contributions and income tax expense		(1,015,443)	(878,294)
Profit before community contributions and income tax expense		1,475,970	1,761,870
Charitable donations and sponsorships expense	10	(220,338)	(207,094)
Profit before income tax expense		1,255,632	1,554,776
Income tax expense	11	(311,015)	(389,038)
Profit after income tax expense for the year		944,617	1,165,738
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		944,617	1,165,738
		Cents	**Cents**
Basic earnings per share	28	115.65	142.72
Diluted earnings per share	28	115.65	142.72

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

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

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	12	306,036	308,822
Trade and other receivables	13	244,252	258,739
Investments	14	3,258,538	2,360,249
Total current assets		3,808,826	2,927,810
Non-current assets			
Financial assets	16	905,290	824,976
Property, plant and equipment	15	1,722,292	1,725,715
Intangible assets	17	34,822	-
Total non-current assets		2,662,404	2,550,691
Total assets		6,471,230	5,478,501
Liabilities			
Current liabilities			
Trade and other payables	18	118,997	138,745
Current tax liabilities	11	544,725	337,614
Employee benefits		35,350	73,341
Total current liabilities		699,072	549,700
Non-current liabilities			
Deferred tax liabilities	11	280,414	240,020
Employee benefits		2,819	5,617
Total non-current liabilities		283,233	245,637
Total liabilities		982,305	795,337
Net assets		5,488,925	4,683,164
Equity			
Issued capital	19	816,800	816,800
Reserves		815,409	815,409
Retained earnings		3,856,716	3,050,955
Total equity		5,488,925	4,683,164

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

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

	Note	Issued capital $	Revaluation reserve	Retained earnings $	Total equity $
Balance at 1 July 2022		816,800	815,409	1,999,569	3,631,778
Profit after income tax expense		-	-	1,165,738	1,165,738
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	1,165,738	1,165,738
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	21	-	-	(114,352)	(114,352)
Balance at 30 June 2023		816,800	815,409	3,050,955	4,683,164

	Note	Issued capital $	Revaluation reserve	Retained earnings $	Total equity $
Balance at 1 July 2023		816,800	815,409	3,050,955	4,683,164
Profit after income tax expense		-	-	944,617	944,617
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	944,617	944,617
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	21	-	-	(138,856)	(138,856)
Balance at 30 June 2024		816,800	815,409	3,856,716	5,488,925

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

Galston 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)		2,485,354	2,622,151
Payments to suppliers and employees (inclusive of GST)		(1,467,606)	(1,274,244)
Dividends received		74,615	53,691
Interest received		86,697	33,640
Income taxes paid		(63,510)	(54,433)
Net cash provided by operating activities	27	1,115,550	1,380,805
Cash flows from investing activities			
Investment in term deposits		(898,289)	(1,335,052)
Payments for property, plant and equipment		(15,900)	-
Payments for intangible assets		(65,291)	-
Net cash used in investing activities		(979,480)	(1,335,052)
Cash flows from financing activities			
Dividends paid	21	(138,856)	(114,352)
Net cash used in financing activities		(138,856)	(114,352)
Net decrease in cash and cash equivalents		(2,786)	(68,599)
Cash and cash equivalents at the beginning of the financial year		308,822	377,421
Cash and cash equivalents at the end of the financial year	12	306,036	308,822

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

Note 1. Reporting entity

The financial statements cover Galston 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 348 Galston Road, Galston NSW 2159.

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

Note 2. Basis of preparation and statement of compliance

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 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.

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

Note 3. Material accounting policy information (continued)

Financial assets at fair value through profit or loss
Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Financial assets have been designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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

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.

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

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

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.

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.

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 March 2027.

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.

Note 5. Economic dependency (continued)

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

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

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

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:
- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

Note 6. Change to comparative figures

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 $2,360,249 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.

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

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	2,091,697	2,330,434
Fee income	70,778	69,325
Commission income	58,277	55,848
	2,220,752	2,455,607

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 income 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 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. Other revenue

	2024 $	2023 $
Dividend and distribution income	74,170	53,692
Other income	-	35,700
	74,170	89,392

Note 9. Fair value gains on financial assets

	2024 $	2023 $
Fair value gains on financial assets	80,314	53,954

These amounts relate to the increase in the market value of financial assets held by the company.

Note 10. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	706,583	618,829
Superannuation contributions	77,999	68,046
Expenses related to long service leave	(26,446)	(13,593)
Other expenses	43,147	26,897
	801,283	700,179

Note 10. Expenses (continued)

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Buildings	14,863	7,432
Plant and equipment	4,460	3,618
	19,323	11,050
Amortisation of intangible assets		
Franchise fee	19,285	11,184
	38,608	22,234

Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	129,429	177,094
Contribution to the Community Enterprise Foundation™	90,909	30,000
	220,338	207,094

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 11. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	274,355	368,179
Movement in deferred tax	40,394	20,859
Under/over adjustment in respect for prior periods	(1,144)	-
Net benefit of franking credits on dividends received	(2,590)	-
Aggregate income tax expense	311,015	389,038
Prima facie income tax reconciliation		
Profit before income tax expense	1,255,632	1,554,776
Tax at the statutory tax rate of 25%	313,908	388,694
Tax effect of:		
Non-deductible expenses	193	344
Other assessable income	648	-
Net benefit of franking credits on dividends received	(2,590)	-
	312,159	389,038
Under/over adjustment in respect for prior periods	(1,144)	-
Income tax expense	311,015	389,038

	2024 $	2023 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	285,428	282,568
Financial assets at fair value through profit or loss	(5,533)	(25,612)
Employee benefits	(9,542)	(19,740)
Accrued expenses	10,061	2,804
Deferred tax liability	280,414	240,020

	2024 $	2023 $
Provision for income tax	544,725	337,614

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 12. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	306,036	308,822

Note 13. Trade and other receivables

	2024 $	2023 $
Trade receivables	199,473	242,000
Accrued income	40,246	11,211
Prepayments	4,533	5,528
	44,779	16,739
	244,252	258,739

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 14. Investments

	2024 $	2023 $
Current assets		
Term deposits	3,258,538	2,360,249

Note 15. Property, plant and equipment

	2024 $	2023 $
Land - at fair value	1,000,000	1,000,000
Buildings - at fair value	993,082	977,182
Less: Accumulated depreciation	(299,477)	(284,614)
	693,605	692,568
Plant and equipment - at cost	165,940	165,940
Less: Accumulated depreciation	(137,253)	(132,793)
	28,687	33,147
	1,722,292	1,725,715

Note 15. Property, plant and equipment (continued)

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

	Land $	Buildings $	Plant and equipment $	Total $
Balance at 1 July 2022	1,000,000	700,000	36,765	1,736,765
Depreciation	-	(7,432)	(3,618)	(11,050)
Balance at 30 June 2023	1,000,000	692,568	33,147	1,725,715
Additions	-	15,900	-	15,900
Depreciation	-	(14,863)	(4,460)	(19,323)
Balance at 30 June 2024	1,000,000	693,605	28,687	1,722,292

Fair value
The fair value of land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's property portfolio every 3 to 5 years.

The company's 348 Galston Road, Galston property was independently valued effective 30 June 2022 by Rockworth Valuation and Advisory on 27 September 2022.

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

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

Building	40 years
Plant and equipment	2.5 to 40 years

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

Building improvements are depreciated over the estimated useful life of the assets. Land is not depreciated.

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 16. Financial assets

	2024 $	2023 $
Equity securities - designated at fair value through profit or loss	905,290	824,976

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

	2024 $	2023 $
Opening carrying amount	824,976	771,022
Revaluation increments	80,314	53,954
Closing carrying amount	905,290	824,976

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other financial assets are classified as non-current.

Accounting policy for financial assets
Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Note 17. Intangible assets

	2024 $	2023 $
Franchise fee	121,252	67,145
Less: Accumulated amortisation	(86,430)	(67,145)
	34,822	-

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

	Franchise fee $
Balance at 1 July 2022	-
Additions	11,184
Amortisation expense	(11,184)
Balance at 30 June 2023	-
Additions	54,107
Amortisation expense	(19,285)
Balance at 30 June 2024	34,822

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.

Note 17. Intangible assets (continued)

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)	March 2027

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

Note 18. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	12,151	5,338
Other payables and accruals	106,846	133,407
	118,997	138,745

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	118,997	138,745
less other payables and accruals (net GST payable to the ATO)	(58,137)	(70,602)
	60,860	68,143

Note 19. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	816,800	816,800	816,800	816,800

Accounting policy for issued capital
Ordinary shares are recognised at the fair value of the consideration received by the company being $1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Rights attached to issued capital

Ordinary shares
Voting rights
Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

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

Note 19. Issued capital (continued)

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

Note 20. Capital management (continued)

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

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

Note 21. Dividends

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

	2024 $	2023 $
Fully franked dividend of 17 cents per share (2023: 14 cents)	138,856	114,352

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	953,434	937,178
Franking credits (debits) arising from income taxes paid (refunded)	63,510	54,433
Franking debits from the payment of franked distributions	(46,285)	(38,177)
Franking credits from franked distributions received	2,590	-
	973,249	953,434
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	973,249	953,434
Franking credits (debits) that will arise from payment (refund) of income tax	544,725	337,614
Franking credits available for future reporting periods	1,517,974	1,291,048

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 22. Financial risk management

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

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

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

Note 22. Financial risk management (continued)

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

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

	2024 $	2023 $
Financial assets		
Trade and other receivables (note 13)	239,719	253,211
Cash and cash equivalents (note 12)	306,036	308,822
Financial assets (note 16)	905,290	824,976
Term deposits (note 14)	3,258,538	2,360,249
	4,709,583	3,747,258
Financial liabilities		
Trade and other payables (note 18)	60,860	68,143

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 into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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.

The company’s financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

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.

Note 22. Financial risk management (continued)

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 $306,036 and term deposits of $3,258,538 at 30 June 2024 (2023: $308,822 and $2,360,249).

Price risk
The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

Equity Price risk
All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

2024	**% change increase**	**Effect on profit before tax**	**Effect on equity**	**% change decrease**	**Effect on profit before tax**	**Effect on equity**
Equity securities	10%	90,529	67,897	(10%)	(90,529)	(67,897)

2023	**% change increase**	**Effect on profit before tax**	**Effect on equity**	**% change decrease**	**Effect on profit before tax**	**Effect on equity**
Equity securities	10%	82,498	61,873	(10%)	(82,498)	(61,873)

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	60,860	-	-	60,860
Total non-derivatives	60,860	-	-	60,860

Note 22. Financial risk management (continued)

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	68,143	-	-	68,143
Total non-derivatives	68,143	-	-	68,143

Note 23. Fair value measurement

2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	1,700,000	-	1,700,000
Total assets	-	1,700,000	-	1,700,000

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Land and buildings	-	1,700,000	-	1,700,000
Total assets	-	1,700,000	-	1,700,000

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Key management personnel disclosures

The following persons were directors of Galston Financial Services Limited during the financial year:

Ralph Henry Steele
Diana Mary Paton
Jacqualine Lucile Pakinga
Dennis Arthur Phillips
Darren Pietro Bonaccordo
Callum Hoogesteger
John Stephen Dakin
Alexander Torville

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 25. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 24.

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.

Note 25. Related party transactions (continued)

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

Transactions with related parties
The following transactions occurred with related parties:

	2024 $	2023 $
Advertising and printing of annual reports using Diana Paton's company. The total benefit received was:	5,186	9,171
The company paid a sponsorship to Castle Hill Country Club Ltd, a director is a related party. The total benefit received was:	20,000	-

Note 26. Remuneration of auditors

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

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,650	5,400
Other services		
Taxation advice and tax compliance services	700	660
General advisory services	2,870	3,820
	3,570	4,480
	10,220	9,880

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 $	2023 $
Profit after income tax expense for the year	944,617	1,165,738
Adjustments for:		
Depreciation and amortisation	38,608	22,234
Net fair value (gain)/loss on equity instruments designated at FVTPL	(80,314)	(53,954)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	14,487	(109,926)
Increase/(decrease) in trade and other payables	(8,564)	37,193
Increase in provision for income tax	207,111	313,745
Increase in deferred tax liabilities	40,394	20,860
Decrease in employee benefits	(40,789)	(15,085)
Net cash provided by operating activities	1,115,550	1,380,805

Note 28. Earnings per share

	2024 $	2023 $
Profit after income tax	944,617	1,165,738
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	816,800	816,800
Weighted average number of ordinary shares used in calculating diluted earnings per share	816,800	816,800
	Cents	**Cents**
Basic earnings per share	115.65	142.72
Diluted earnings per share	115.65	142.72

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. 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.

Galston 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

Ralph Henry Steele
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 report to the Directors of Galston Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Galston 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 Galston 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.

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.

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

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

Adrian Downing
Lead Auditor

Community Bank · Galston & District
348 Galston Road,
Galston NSW 2157
Phone: 02 9653 2227
Email: GalstonMailbox@bendigobank.com.au
Web: bendigobank.com.au/galston

Franchisee: Galston Financial Services Limited
ABN: 23 097 581 854
348 Galston Road,
Galston NSW 2159
Phone: 02 9653 2227
Email: chairman@galstonbendigo.com.au

Share Registry:
AFS & Associates Pty Ltd
PO Box 454, Bendigo VIC 3552
Phone: 5443 0344
Fax: 5443 5304
Email: shareregistry@afsbendigo.com.au

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This Annual Report has been printed on 100% Recycled Paper

Bendigo Bank