Annual Report 2024

Keppel Financial Services Limited

Community Bank
Emu Park and Yeppoon

ABN 41 113 396 768

Contents

Chairperson’s report

For year ending 30 June 2024

Keppel Financial Services Limited (Franchisee of Bendigo Bank) has just completed nineteen successful years of providing banking and insurance services to the Capricorn Coast Community. As shareholders you can be proud of the contribution we have made to the community and upholding the reputation as one of Australia’s most trusted brands.

The Community Bank model is championed as a great way of doing business. We continue to work closely with Bendigo Bank on ways to improve the customer experience. In testament to this commitment, I am pleased to report that our Community Bank Yeppoon branch is now fully operational five days a week providing exceptional and convenient service to our current and future customers.

Our Board of Directors is a cohesive, well governed entity working for the best interests of you and your community. We are always looking for new and innovative ways to grow your business. One tried and true growth formula is “word of mouth testimonials”. Does your club or community organisation bank with either of our conveniently located Community Banks? If the opportunity ever arises to refer a new customer, please do so. Not only will you be contributing to the growth of our business and ultimately your investment but also increasing the pool of funds available to distribute to eligible community projects.

Our Branch Manager Bob McKewen and his staff are always available to discuss products and services as well as enlighten you on community benefits that come from banking with our Community Bank. Board members are also available to discuss projects we are committed to or have under consideration.

On behalf of the Board I would like to sincerely thank all our shareholders for your ongoing support.

Regards,

Andrew Morris
Chairperson

Manager's report

For year ending 30 June 2024

The financial year ending 30th June 2024 has been a year of challenges and achievements for your Community Bank. Keppel Financial Services Limited has been able to deliver an adequate performance in a challenging economic environment. The figures presented below are the consolidated figures representing the company result for both branches.

Lending Approvals for the 2023/24 year increased by 96.7% to $17.69M however the Balance of Total Lending as at 30/06/24 decreased by 8.5% to $50.4M. The Balance of Total Deposits increased by 15.7% to $92.9M. Total Business Size grew by 4.2% from the previous year to $160.6M. Both branches have also contributed to the company result with sale of general insurance products throughout the year. Commission on sales of insurance and similar products provides an important contribution to the company's financial result.

The local real estate market continued to improve in the last 12 months despite numerous warnings about the effect of rising interest rates. The 23/24 financial year was marked by continuation of the higher interest rates from the previous year and a reduction in margins.. Branch staffing levels finally returned to more normal levels late in the year. While 6 of our current team of 8 have joined the branch in the last 12 months, we are now regularly receiving compliments on our customer service. The continuation of improved property prices also assisted many of our customers to sell their properties. When a mortgaged property is sold, the bank processes a Mortgage Discharge to the value of the debt being paid out. Discharges for the 2023/24 FY remained steady and reduced by only 0.3% to $10.83M. This has had a negative effect on lending growth but also boosted deposit growth.

Our major point of difference at Community Bank Emu Park & Community Bank Yeppoon is the level of support and sponsorship provided to our local community. The amount of funds available for community sponsorship is linked to the financial performance of the branches which, in turn, reflects the level of support the branches receive from the local community.

The branch team continue to attract compliments for their high service standards and customer care and our new staff members are training hard to deliver high customer service. I thank all our staff, Miranda Findley, Gayle Pidd, Kerrie Joseph, Abbey Cruickshank, Nature Pulevaka, Emma Wallis and Bree Tabor for their professionalism and dedication. Without a Board of Directors there would be no Community Bank, they are essential to the business. The Board Directors of your Community Bank branches volunteer their time and energy to provide stability, guidance and leadership to an enterprise that ultimately benefits the whole community and protects your investment. I sincerely thank the Board for their considerable contribution to the ongoing success of the company.

Please consider recommending Community Bank Emu Park and Community Bank Yeppoon to your family and friends and members of any local community groups whenever the opportunity arises. As well as comprehensive consumer and business banking products, our branches have access to expertise in the areas of business banking, Rural Finance, money markets, foreign exchange and can provide over the counter sales of general insurance products and referrals for Commercial Insurance.

The Community Bank model has a proven record in numerous small communities, and, I believe, there is good opportunity locally for substantial further business growth. This growth will flow directly back into the community in the form of sponsorship and benefits to the local economy as well as shareholder returns. The level of growth is entirely dependent on the level of support from the community, and I would encourage all customers, shareholders, Board members and staff to talk about and recommend the Community Bank to their family, friends, colleagues, and associates.

Bob McKewen
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

Community Bank National Council report

For year ending 30 June 2024

Community Bank network: celebrating 26 years of empowering communities

This year our Community Bank network celebrated 26 years of providing grassroots support to metro, regional, rural and remote communities across Australia. It's a milestone that has been widely applauded by our customers and partners who recognise the significant role we play in the lives of everyday Australians. We're there when it matters – whether that be as second responders in times of natural disaster, crisis and need; or as community builders, providing resources and support; help and hope.

In the 2022-23 financial year, our Community Bank network gave back more than $32 million in grants, sponsorships and donations to local community projects and initiatives. Over 26 years, we have returned more than $324 million to local communities for emergency services; facilities and infrastructure; sport and recreation; education and research; health and wellbeing; art, culture and heritage as well as environment and animal welfare.

As a shareholder in your local Community Bank, you are part of this incredible social enterprise network that is playing an ever-important role in the Australian economy. With close working relationships with local, state and federal government, peak governing bodies, clubs and community organisations, we are integrally connected and in tune with the needs of everyday Australians.

Our Community Bank network is a first mover in Australia with our unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 305 Community Bank branches. Today we represent a diverse cross-section of Australia with more than 215 community enterprises, 70,000+ shareholders, 1500+ volunteer Directors, 1700 staff and 950,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in these relationships. The CBNC consists of both elected and appointed members from every state and territory. The role of council is to represent the network with its partners and to engage in strategic planning that delivers positive outcomes for our business and our communities.

The 2024 - 2026 Community Bank National Council Strategic Plan has four key focus areas:

- Impact – a planned, deliberate approach with investments that enhance community prosperity.
- Leadership and advocacy – to ensure the long-term sustainability of our enterprises.
- Network alignment – enabling us to develop and nurture partnerships that align with our defined areas of social impact.
- Commercial prosperity – supporting the commercial success of our enterprises.

It is through this strategic plan, which has a foundation built on connection and collaboration, that we will deliver a strong, and secure future for our Directors, shareholders, staff and the communities we serve.

Warm regards

Lauren Bean
General Manager
Community Bank National Council

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:	Andrew William Harold Morris
Title:	Non-executive director
Experience and expertise:	Prior to retirement in 2013 Andrew was a Principal Equity Partner of Moore Stephens (Queensland) Accountants and Advisors. Andrew's principal responsibility was to oversee the Wealth Management Division across six offices. Andrew started his career with the AMP Society in 1983 and held several management positions with AMP and AXA before joining Moore Stephens. Andrew holds an Advanced Diploma of Financial Planning and Certified Financial Planning Certification.
Special responsibilities:	Chair
Name:	Phillip Andre Luzzi
Title:	Non-executive director
Experience and expertise:	Phillip is currently retired and was previously a Clerk (Metropolitan Meat Industry Board (Homebush Bay NSW)). Senior Nursing Administrator (Hunter Area Health Services NSW). Director - ROBPHI Pty. Ltd. Founder, Owner and Director of Clever Kids Capricornia (Tuition Business Rockhampton). President of Emu Park RSL Sub-Branch Inc. (2013-2016). Vice President - RSL Pioneer-Fitzroy-Highlands District Inc.. Welfare Advocate - Pioneer-Fitzroy-Highlands District Inc. Member of Steering Committee Centenary of ANZAC Project Emu Park (2013 - 2015). Diploma of Health Science. Bachelor of Science (Maj.IT). Governance - Australian Institute of Company Directors. Extensive PC skills. Leadership and Negotiating skills. Team Player and excellent communication skills. Chairman - Keppel Financial Services.
Special responsibilities:	Business Development, HR, Share Registry, Property and Risk Committee Member
Name:	Ian Peter Chambers
Title:	Non-executive director
Experience and expertise:	Ian is currently a Cleaner/Trustee. Business experience as a Grazier and Motelier. Has a Diploma of Business.
Special responsibilities:	Business Development, Sponsorship, HR, Share Registry and Risk Committee Member
Name:	John Francis McKenna
Title:	Non-executive director
Experience and expertise:	John is a Director of McKenna Enterprises Pty Ltd Past Treasurer of the Tenpin Bowling Association Queensland Inc., Treasurer of Rockhampton Junior Tenpin Bowling Association Inc. Past Secretary of Rockhampton Benevolent Homes Inc. Past Treasurer of Tenpin Bowling Association of Queensland Inc. Past Chairman of St Brendan's College Foundation Limited. Past Manager & Proprietor of Rockybowl & Leisure Centre.
Special responsibilities:	Business Development and Sponsorship Committee Member
Name:	Kevin Thomas Hogan
Title:	Non-executive director
Experience and expertise:	Managing Director of Keppel Investments Pty Ltd. Board Chair of Benevolent Home Inc. Past Chair Advisory Board Capricornia Correction Centre. Treasurer of Crime Stoppers QLD, Rockhampton area committee. Parish Manager Park Avenue Catholic Parish. Member of Catholic Diocesan Finance Council. Past Treasurer Justice of Peace. Past Treasurer of Rockhampton Chamber of Commerce.
Special responsibilities:	Business Development and Property Committee Member

Name:	Brooke Elizabeth Roberts
Title:	Non-executive director
Experience and expertise:	Has worked in the accounting industry for 16+ years, graduating from CQU with a Bachelor of Business - Accounting in 1999. Commenced employment in a small rural accounting practice and CPA studies. Worked for a reputable practice in Rockhampton for 14 years. Received CPA designation in July 2005, and was awarded a fellowship with CPA Australia in March of 2016. Started accounting practice in Emu Park in October 2014 and operated as a sole practitioner specialising in taxation, accounting and business consultancy services. On 1 July 2016, merged with another sole practitioner bringing existing businesses together under the one banner. Now operate and manage in two locations with 5 staff. Was heavily involved with the local surf lifesaving club as a junior and went on to provide audit and accounting services for the Club.
Special responsibilities:	Business Development and Sponsorship Committee Member

Name:	Andrew Peter Thompson
Title:	Non-executive director (Appointed 13 December 2023)
Experience and expertise:	Andrew is a technology architect, and Director of a private cafe and a private engineering consultancy business. Andrew holds a BEng (Mech) (Hons).
Special responsibilities:	N/A

Name:	Sharon Lee Delaney
Title:	Non-executive director(Appointed 21 February 2024)
Experience and expertise:	Sharon has as Bachelor of Business-Management (Marketing) and has over 35 years' experience in business and marketing. Sharon commenced her career in Marketing and Market Research, consulting to both SMB and State and Federal Government. She then moved to State and National roles for MBF (now BUPA) and since then has worked extensively in her own businesses in the telecommunications, property development, direct selling and hospitality industries
Special responsibilities:	Marketing and Sponsorship Committee Member

Company secretary
The company secretary is Ian Peter Chambers. Ian was appointed to the position of secretary on 5 July 2018.

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 $114,022 (30 June 2023: $230,153).

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 8 cents per share (2023: 7 cents)	53,737	47,020

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

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

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

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

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

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

	Board		Sponsorship Committee		Risk Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Andrew William Harold Morris	11	11	-	-	11	11
Phillip Andre Luzzi	11	7	-	-	11	7
Ian Peter Chambers	11	9	3	3	11	9
John Francis McKenna	11	11	3	3	11	11
Kevin Thomas Hogan	11	9	-	-	11	9
Brooke Elizabeth Roberts	11	8	-	-	11	8
Andrew Peter Thompson	6	6	-	-	6	6
Sharon Lee Delaney	5	5	-	-	5	5

Directors' benefits
No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements.

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
Andrew William Harold Morris	-	-	-
Phillip Andre Luzzi	6,000	-	6,000
Ian Peter Chambers	10,500	-	10,500
John Francis McKenna	20,502	-	20,502
Kevin Thomas Hogan	67,171	-	67,171
Brooke Elizabeth Roberts	1,000	-	1,000
Andrew Peter Thompson	-	-	-
Sharon Lee Delaney	-	-	-

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 manager 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 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.

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 23 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non- audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001.*

On behalf of the directors

Andrew William Harold Morris
Chair

28 October 2024

Auditor's independence declaration

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 Keppel Financial Services Limited

As lead auditor for the audit of Keppel 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: 28 October 2024

Lachlan Tatt
Lead Auditor

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

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

	Note	2024 $	2023 $
Revenue from contracts with customers	7	1,174,112	1,303,851
Other revenue		-	45,000
Finance revenue		7,207	2,680
Total revenue		1,181,319	1,351,531
Employee benefits expense	8	(506,401)	(495,734)
Advertising and marketing costs		(1,954)	(3,603)
Occupancy and associated costs		(41,852)	(40,702)
System costs		(32,529)	(27,207)
Depreciation and amortisation expense	8	(149,103)	(147,781)
Loss on disposal of assets		-	(6,845)
Finance costs	8	(18,469)	(22,266)
General administration expenses		(95,536)	(79,029)
Total expenses before community contributions and income tax expense		(845,844)	(823,167)
Profit before community contributions and income tax expense		335,475	528,364
Charitable donations, sponsorships and grants expense	8	(185,554)	(219,258)
Profit before income tax expense		149,921	309,106
Income tax expense	9	(35,899)	(78,953)
Profit after income tax expense for the year		114,022	230,153
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		114,022	230,153
		Cents	**Cents**
Basic earnings per share	25	16.97	34.26
Diluted earnings per share	25	16.97	34.26

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

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

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	806,482	622,319
Trade and other receivables	11	104,943	132,569
Total current assets		911,425	754,888
Non-current assets			
Property, plant and equipment	12	187,412	239,832
Right-of-use assets	13	245,974	299,487
Intangible assets	14	89,846	116,487
Deferred tax assets	9	33,164	19,879
Total non-current assets		556,396	675,685
Total assets		1,467,821	1,430,573
Liabilities			
Current liabilities			
Trade and other payables	15	169,589	60,619
Lease liabilities	16	90,147	69,749
Current tax liabilities	9	10,417	66,824
Employee benefits		35,688	27,888
Total current liabilities		305,841	225,080
Non-current liabilities			
Trade and other payables	15	59,289	88,934
Lease liabilities	16	203,089	285,566
Employee benefits		10,204	3,351
Provisions		26,667	25,196
Total non-current liabilities		299,249	403,047
Total liabilities		605,090	628,127
Net assets		862,731	802,446
Equity			
Issued capital	17	638,214	638,214
Retained earnings		224,517	164,232
Total equity		862,731	802,446

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

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

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2022		638,214	(18,901)	619,313
Profit after income tax expense		-	230,153	230,153
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	230,153	230,153
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	19	-	(47,020)	(47,020)
Balance at 30 June 2023		638,214	164,232	802,446

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2023		638,214	164,232	802,446
Profit after income tax expense		-	114,022	114,022
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	114,022	114,022
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	19	-	(53,737)	(53,737)
Balance at 30 June 2024		638,214	224,517	862,731

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

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

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,309,041	1,450,878
Payments to suppliers and employees (inclusive of GST)		(847,659)	(1,034,111)
Interest received		7,207	2,680
Income taxes paid		(105,591)	(51,717)
Net cash provided by operating activities	24	362,998	367,730
Cash flows from investing activities			
Payments for property, plant and equipment	12	(6,690)	(22,131)
Payments for intangible assets		(26,950)	(25,620)
Net cash used in investing activities		(33,640)	(47,751)
Cash flows from financing activities			
Interest and other finance costs paid		(17,102)	(20,947)
Dividends paid	19	(53,737)	(47,020)
Repayment of lease liabilities		(74,356)	(69,503)
Net cash used in financing activities		(145,195)	(137,470)
Net increase in cash and cash equivalents		184,163	182,509
Cash and cash equivalents at the beginning of the financial year		622,319	439,810
Cash and cash equivalents at the end of the financial year	10	806,482	622,319

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

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Keppel 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 Unit 7 18-20 Hill Street, Emu Park QLD 4710.

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 28 October 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)

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.

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.

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.

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

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

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

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

Estimates and assumptions

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

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

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

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.

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in November 2027.

Note 5. Economic dependency (continued)

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

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

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

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

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

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

Note 6. Restatement of comparatives

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

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by $304,407.

Note 7. Revenue from contracts with customers

	2024 **$**	**2023** **$**
Margin income	997,922	1,130,561
Fee income	78,981	80,277
Commission income	97,209	93,013
	1,174,112	1,303,851

Note 7. Revenue from contracts with customers (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Note 7. Revenue from contracts with customers (continued)

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	416,942	413,196
Superannuation contributions	47,720	46,612
Expenses related to long service leave	6,439	794
Other expenses	35,300	35,132
	506,401	495,734

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Leasehold improvements	53,665	54,226
Plant and equipment	5,445	5,754
	59,110	59,980
Depreciation of right-of-use assets		
Leased land and buildings	63,352	60,053
Amortisation of intangible assets		
Franchise fee	3,833	4,636
Franchise renewal fee	22,808	23,112
	26,641	27,748
	149,103	147,781

Finance costs

	2024 $	2023 $
Lease interest expense	17,102	20,947
Unwinding of make-good provision	1,367	1,319
	18,469	22,266

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

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	85,554	61,363
Contribution to the Community Enterprise Foundation™ (CEF)	100,000	157,895
	185,554	219,258

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 CEF are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

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

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	51,214	87,146
Movement in deferred tax	(13,285)	(8,193)
Under/over provision in respect to prior years	(2,030)	-
Aggregate income tax expense	35,899	78,953
Prima facie income tax reconciliation		
Profit before income tax expense	149,921	309,106
Tax at the statutory tax rate of 25%	37,480	77,277
Tax effect of:		
Non-deductible expenses	449	1,676
Under/over provision in respect to prior years	(2,030)	-
Income tax expense	35,899	78,953

	2024 $	2023 $
Deferred tax assets/(liabilities)		
Property, plant and equipment	2,533	(8,862)
Employee benefits	11,473	7,810
Lease liabilities	73,309	88,829
Provision for lease make good	6,667	6,299
Accrued expenses	675	675
Right-of-use assets	(61,493)	(74,872)
Deferred tax asset	33,164	19,879

Note 9. Income tax (continued)

	2024 $	2023 $
Provision for income tax	10,417	66,824

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

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

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

Note 10. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	806,482	622,319

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	97,171	114,693
Accrued income	1,051	1,051
Other receivables and accruals	6,721	16,825
	7,772	17,876
	104,943	132,569

Note 12. Property, plant and equipment

	2024 $	2023 $
Leasehold improvements - at cost	477,732	471,042
Less: Accumulated depreciation	(309,723)	(256,058)
	168,009	214,984
Plant and equipment - at cost	116,768	116,768
Less: Accumulated depreciation	(97,365)	(91,920)
	19,403	24,848
	187,412	239,832

Note 12. 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:

	Leasehold improvements $	Plant and equipment $	Total $
Balance at 1 July 2022	258,223	26,303	284,526
Additions	17,832	4,299	22,131
Disposals	(6,845)	-	(6,845)
Depreciation	(54,226)	(5,754)	(59,980)
Balance at 30 June 2023	214,984	24,848	239,832
Additions	6,690	-	6,690
Depreciation	(53,665)	(5,445)	(59,110)
Balance at 30 June 2024	168,009	19,403	187,412

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:

Leasehold improvements	5 to 20 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.

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

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

Note 13. Right-of-use assets

	2024 $	**2023 $**
Land and buildings - right-of-use	537,380	527,541
Less: Accumulated depreciation	(291,406)	(228,054)
	245,974	299,487

Note 13. Right-of-use assets (continued)

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

	Land and buildings $
Balance at 1 July 2022	346,972
Remeasurement adjustments	12,568
Depreciation expense	(60,053)
Balance at 30 June 2023	299,487
Remeasurement adjustments	9,839
Depreciation expense	(63,352)
Balance at 30 June 2024	245,974

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2024 $	**2023 $**
Franchise fee	117,722	117,722
Less: Accumulated amortisation	(102,277)	(98,444)
	15,445	19,278
Franchise renewal fee	316,464	316,464
Less: Accumulated amortisation	(242,063)	(219,255)
	74,401	97,209
	89,846	116,487

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

	Franchise fee $	Franchise renewal fee $	Total $
Balance at 1 July 2022	1,670	9,100	10,770
Additions	22,244	111,221	133,465
Amortisation expense	(4,636)	(23,112)	(27,748)
Balance at 30 June 2023	19,278	97,209	116,487
Amortisation expense	(3,833)	(22,808)	(26,641)
Balance at 30 June 2024	15,445	74,401	89,846

Note 14. Intangible assets (continued)

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2027

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

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

Note 15. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	121,582	13,837
Other payables and accruals	48,007	46,782
	169,589	60,619
Non-current liabilities		
Other payables and accruals	59,289	88,934

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	228,878	149,553
Less: other payables and accruals - net GST (payable to)/refundable by the ATO	(9,484)	2,397
	219,394	151,950

Note 16. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	90,147	69,749
Non-current liabilities		
Land and buildings lease liabilities	203,089	285,566

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	355,315	412,250
Remeasurement adjustments	12,277	12,568
Lease interest expense	17,102	20,947
Lease payments - total cash outflow	(91,458)	(90,450)
	293,236	355,315

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Emu Park Branch	5.39%	5 years	N/A	N/A	November 2025
Yeppoon Branch	5.39%	5 years	1 x 5 years	Yes	November 2032

Note 17. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	671,710	671,710	671,710	671,710
Less: Equity raising costs	-	-	(33,496)	(33,496)
	671,710	671,710	638,214	638,214

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

Rights attached to issued capital

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

Note 17. Issued capital (continued)

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

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

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 18. 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.

Note 18. Capital management (continued)

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

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

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

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

Note 19. 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 8 cents per share (2023: 7 cents)	53,737	47,020

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	98,878	62,834
Franking credits (debits) arising from income taxes paid (refunded)	105,591	51,717
Franking debits from the payment of franked distributions	(17,912)	(15,673)
	186,557	98,878
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	186,557	98,878
Franking credits (debits) that will arise from payment (refund) of income tax	10,417	66,824
Franking credits available for future reporting periods	196,974	165,702

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 20. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents 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.

Note 20. Financial risk management (continued)

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

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- 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 at amortised cost		
Trade and other receivables (note 11)	98,222	115,744
Cash and cash equivalents (note 10)	806,482	622,319
	904,704	738,063
Financial liabilities at amortised cost		
Trade and other payables (note 15)	219,394	151,950
Lease liabilities (note 16)	293,236	355,315
	512,630	507,265

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets at amortised cost.

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

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents.

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

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

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

Derecognition
A financial liability is derecognised when it is extinguished, cancelled or expires.

Note 20. Financial risk management (continued)

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 $806,482 at 30 June 2024 (2023: $622,319).

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

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	160,105	59,289	-	219,394
Lease liabilities	92,341	145,617	108,771	346,729
Total non-derivatives	252,446	204,906	108,771	566,123

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	63,016	88,934	-	151,950
Lease liabilities	89,958	201,418	139,626	431,002
Total non-derivatives	152,974	290,352	139,626	582,952

Note 21. Key management personnel disclosures

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

Phillip Andre Luzzi
Ian Peter Chambers
John Francis McKenna
Kevin Thomas Hogan
Brooke Elizabeth Roberts
Andrew William Harold Morris
Andrew Peter Thompson
Sharon Lee Delaney

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 22. Related party transactions

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

Note 22. Related party transactions (continued)

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

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

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

	2024 $	2023 $
Brooke Elizabeth Roberts is an accountant and prepares and lodges the quarterly Business Activity Statements and the monthly Instalment Activity Statements for the company.	4,050	3,370
The company also made Sponsorships to local community groups where directors or their close family members were committee members.	38,273	-

Note 23. 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	7,845	5,400
Other services		
Taxation advice and tax compliance services	1,120	1,460
General advisory services	4,935	4,980
Share registry services	4,773	4,123
	10,828	10,563
	18,673	15,963

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

	2024 $	2023 $
Profit after income tax expense for the year	114,022	230,153
Adjustments for:		
Depreciation and amortisation	149,103	147,781
Net loss on disposal of non-current assets	-	6,845
Lease Liability Interest	17,102	20,947
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	27,626	(42,052)
Increase in deferred tax assets	(13,285)	(8,192)
Increase/(decrease) in trade and other payables	108,609	(27,615)
Increase/(decrease) in provision for income tax	(56,407)	35,428
Increase in employee benefits	14,653	3,116
Increase in other provisions	1,575	1,319
Net cash provided by operating activities	362,998	367,730

Note 25. Earnings per share

	2024 $	2023 $
Profit after income tax	114,022	230,153
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	671,710	671,710
Weighted average number of ordinary shares used in calculating diluted earnings per share	671,710	671,710
	Cents	**Cents**
Basic earnings per share	16.97	34.26
Diluted earnings per share	16.97	34.26

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

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

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

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

Andrew William Harold Morris
Chair

28 October 2024

Independent audit report

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 Keppel Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Keppel 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 Keppel 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.

Liability limited by a scheme approved under Professional Standards Legislation.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2024, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's responsibilities for the Audit of the Financial Report

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

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 28 October 2024

Lachlan Tatt
Lead Auditor

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Bendigo Bank

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