Annual Report 2024

Mooroolbark & District Financial Services Limited

Community Bank Mooroolbark

ABN 45 098 234 354

Contents

Chairman’s report

For year ending 30 June 2024

Community Bank Mooroolbark has again had a very successful twelve months in which it has continued to grow and expand in all its areas of banking.

I would like to take the opportunity to thank all the existing customers and shareholders for all their continued support over the above period.

I also wish to thank Ashley Wijey who replaced Ashleigh Toogood as Branch Manager late last year, together with the branch staff for all their dedicated service to Community Bank Mooroolbark over the last twelve months.

Thanks also go the Board who have again been most supportive to me and continued to participate and support Community Programs and deal positively with issues effecting the Community Bank including the sale of 56 Brice Ave Mooroolbark and the purchase of 6 Brice Ave Mooroolbark which upon renovation will be occupied by the Community Bank after it vacates its current premises in The Terrace. I think this will be a great step forward for the Community Bank.

It was, with considerable reluctance, that in view of my permanent residence out of Melbourne, that I tendered my resignation from the Board and as it’s Chair effective from the 30th June 2024. I have thoroughly enjoyed my involvement with Community Bank and take this opportunity to wish the Board and its new Chair Greg Green all the very best for the future which I am sure will be very positive.

Tony Wright
Chair

Manager's report

For year ending 30 June 2024

I have simply been amazed at the breadth and depth of the support we provide local community not-for-profit organisations and the tremendous benefits that these organisations provide our great community.

A highlight for me, is that I have personally met volunteers and leaders of many of these organisations already, and I am very keen to meet many more to develop and enhance our relationships with them. I am in awe of the community spirit and dedication of so many wonderful people.

On the business side, Community Bank Mooroolbark has had a very strong financial performance, achieving growth in lending, insurance and wealth. This past financial year our branch had the highest lending growth in the Yarra Ranges Region. Our lending and deposit balances currently stand at over $232 million, and our customer base continues to grow with customer's choosing Community Bank Mooroolbark, which I must add is the only bank in Mooroolbark.

Of course, this performance cannot be achieved without a wonderful team, which includes our branch staff, and our Board of Directors. I can't thank our staff and Board enough. All involved have supported me and most importantly our customers. It is our customers which in the end allows us to continue to support our community. So to our customers thank you and we trust that you understand that by banking with Community Bank Mooroolbark, we are able to bring magnificent benefits to all corners of our community.

We also understand the challenges that lay ahead, with the recent interest rate rises and changing demands on banking services. We maintain our focus and look forward to continuing to deliver on all fronts of business and community connections into the next financial year.

Lastly, I wish to thank our shareholders, who continue to maintain the faith in the Community Bank model.

Kindest regards

Ash Wijey
Manager

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:	Richard Kim Nicholas
Title:	Non-executive director
Experience and expertise:	Richard is a Real Estate Agent. Member of A.R.E.I. and G.A.I.C.D. Licenced estate agent. Director of Coulter Nicholas Pty Ltd.
Special responsibilities:	Secretary and Chairman of the Sponsorship & Marketing Committee

Name:	David Lynton Wright
Title:	Non-executive director
Experience and expertise:	David holds a Bachelor of Accounting and is member of CPA Australia (Financial Services), having been involved in public practice for over 30 years.
Special responsibilities:	Member of the Sponsorship and Marketing Committee

Name:	Richard Leigh Higgins
Title:	Non-executive director
Experience and expertise:	Richard is a Police Officer. Richard previously performed the roles of Mayor and deputy Mayor of Yarra Ranges Council. He has eight years experience as a Councillor on Yarra Ranges Council. Current member of the Yarra Ranges Audit and Review Committee (2 years). He has served on the board for the past seven years. Previous experience includes six years on the MARP (Maroondah Addicts Recovery Program), Lilydale.
Special responsibilities:	Nil

Name:	Carolyn Anne Geyer
Title:	Non-executive director
Experience and expertise:	Carolyn Is the proud mother of 3 amazing adult children and 6 even more amazing grandchildren. Carolyn is the Principal of Geyer Accountants in Croydon South. She acquired her degree in accounting and went on to do a Masters in Practicing Accounting in 2004. Carolyn has been running her own business for approx. 15 years and has held previous roles as an accounting teacher and an assistant accountant with one of Australia's largest retailers.
Special responsibilities:	Treasurer

Name:	Gregory Brian Green
Title:	Non-executive director
Experience and expertise:	Gregory is retired. Gregory has a Bachelor of Business (Banking & Finance) from the University of South Australia and spent 36 years with ANZ, the last 20 of which were principally in a risk (credit) roll specialising in commercial property. This included 2 years in New Zealand as Senior Credit Manager, Property Risk, 3 months in Port Moresby (2010) as Acting Head of Risk for ANZ Pacific North West Region. Gregory also has 8 years experience with NAB as a Credit Manager in Business Banking. He is a Life member of Croydon North Cricket Club, a member of the 39th Infantry Battalion (1941-43) Association Inc., a member of the Mount Evelyn RSL sub-branch and a member of the Adelaide Football Club.
Special responsibilities:	Vice Chair (1 July 2023 - 30 June 2024), Chair from 1 July 2024

Name:	Sophie Todorov
Title:	Non-executive director
Experience and expertise:	Sophie is an Emergency Services Victoria worker. She holds a Bachelor of Arts, Councillor for Melba ward, Yarra Ranges Council, and delegate for the Health & Wellbeing Advisory and Municipal Emergency Management Plan committees.
Special responsibilities:	Nil

Name:	Anthony Michael Wright
Title:	Non-executive director (resigned 30 June 2024)
Experience and expertise:	Anthony is a Lawyer. He is currently a member of the Footman Foundation and the Foundation's Board, Board member of the Footman Charitable Trust, member of the Croydon Rotary club for over 20 years, practicing lawyer in the Croydon area for over 35 years, and legal advisor to Croydon Main Street Traders. Past member of the Business Advisory Board and Audit Advisory Committee at Maroondah City Council, past President and Secretary of the Footman Foundation. Past President, Secretary, and Committee member of Croydon Rotary Club, past Committee member of the Croydon Chamber of Commerce.
Special responsibilities:	Chair

Company secretary
The Company secretary is Richard Kim Nicholas. Richard was appointed to the position of Company secretary on 15 August 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 $538,927 (30 June 2023: $574,373).

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: 6 cents)	50,337	37,752

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
On 17 July 2024 the property at 56 Brice Avenue, Mooroolbark was sold for $548,000 with settlement occurring on 18 September 2024.

No other 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		Audit Committee		Marketing Committee		Human Resources Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Richard Kim Nicholas	6	6	-	-	2	2	2	2
David Lynton Wright	6	6	-	-	2	2	-	-
Richard Leigh Higgins	6	3	-	-	-	-	-	-
Carolyn Anne Geyer	6	5	2	2	-	-	2	2
Gregory Brian Green	6	6	-	-	-	-	-	-
Sophie Todorov	6	2	-	-	-	-	-	-
Anthony Michael Wright	6	6	2	2	-	-	-	-

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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 26 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
Richard Kim Nicholas	500	-	500
David Lynton Wright	-	-	-
Richard Leigh Higgins	-	-	-
Carolyn Anne Geyer	11,000	-	11,000
Gregory Brian Green	1,000	-	1,000
Sophie Todorov	-	-	-
Anthony Michael Wright	-	-	-

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 27 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 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

Gregory Brian Green
Chair

25 September 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 Mooroolbark & District Financial Services Limited

As lead auditor for the audit of Mooroolbark & District 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: 25 September 2024

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Mooroolbark & District 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	1,598,055	1,730,450
Other revenue		27,420	29,931
Finance revenue		90,154	27,881
Total revenue		1,715,629	1,788,262
Employee benefits expense	8	(609,547)	(652,204)
Advertising and marketing costs		(15,651)	(17,065)
Occupancy and associated costs		(26,834)	(26,482)
System costs		(20,791)	(20,457)
Depreciation and amortisation expense	8	(58,064)	(41,605)
Finance costs	8	(20,604)	(22,058)
General administration expenses		(109,847)	(101,999)
Total expenses before community contributions and income tax expense		(861,338)	(881,870)
Profit before community contributions and income tax expense		854,291	906,392
Charitable donations and sponsorships expense	8	(136,322)	(140,146)
Profit before income tax expense		717,969	766,246
Income tax expense	9	(179,042)	(191,873)
Profit after income tax expense for the year		538,927	574,373
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		538,927	574,373
		Cents	**Cents**
Basic earnings per share	29	85.65	91.28
Diluted earnings per share	29	85.65	91.28

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

Mooroolbark & District Financial Services Limited
Statement of financial position
As at 30 June 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	10	211,963	183,291
Trade and other receivables	11	145,610	165,466
Investments	12	1,502,402	1,862,488
		1,859,975	2,211,245
Non-current assets classified as held for sale	15	384,779	-
Total current assets		2,244,754	2,211,245
Non-current assets			
Investment property	16	-	387,663
Property, plant and equipment	13	849,052	51,651
Right-of-use assets	14	183,020	202,846
Intangible assets	17	37,324	57,943
Deferred tax assets	9	65,013	78,096
Total non-current assets		1,134,409	778,199
Total assets		3,379,163	2,989,444
Liabilities			
Current liabilities			
Trade and other payables	18	56,813	53,178
Lease liabilities	19	52,645	34,530
Current tax liabilities	9	167,287	186,550
Employee benefits	20	115,765	152,987
Total current liabilities		392,510	427,245
Non-current liabilities			
Trade and other payables	18	14,651	29,303
Lease liabilities	19	291,407	341,011
Employee benefits	20	6,021	6,920
Provisions		16,641	15,622
Total non-current liabilities		328,720	392,856
Total liabilities		721,230	820,101
Net assets		2,657,933	2,169,343
Equity			
Issued capital	21	629,209	629,209
Retained earnings		2,028,724	1,540,134
Total equity		2,657,933	2,169,343

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

Mooroolbark & District 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		629,209	1,003,513	1,632,722
Profit after income tax expense		-	574,373	574,373
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	574,373	574,373
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	23	-	(37,752)	(37,752)
Balance at 30 June 2023		629,209	1,540,134	2,169,343

	Note	Issued capital $	Retained earnings $	Total equity $
Balance at 1 July 2023		629,209	1,540,134	2,169,343
Profit after income tax expense		-	538,927	538,927
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	538,927	538,927
Transactions with owners in their capacity as owners:				
Dividends provided for or paid	23	-	(50,337)	(50,337)
Balance at 30 June 2024		629,209	2,028,724	2,657,933

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

Mooroolbark & District 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)		1,798,248	1,879,502
Payments to suppliers and employees (inclusive of GST)		(1,107,885)	(1,157,104)
Interest received		90,154	27,881
Interest and other finance costs paid		(824)	(33)
Income taxes refunded/(paid)		(185,222)	19,782
Net cash provided by operating activities	28	594,471	770,028
Cash flows from investing activities			
Redemption of/(investment in) term deposits		360,086	(537,854)
Payments for property, plant and equipment		(808,301)	-
Payments for intangible assets		(13,320)	(11,375)
Net cash used in investing activities		(461,535)	(549,229)
Cash flows from financing activities			
Interest and other finance costs paid		(18,927)	(21,204)
Repayment of lease liabilities		(35,000)	(32,722)
Dividends paid	23	(50,337)	(37,752)
Net cash used in financing activities		(104,264)	(91,678)
Net increase in cash and cash equivalents		28,672	129,121
Cash and cash equivalents at the beginning of the financial year		183,291	54,170
Cash and cash equivalents at the end of the financial year	10	211,963	183,291

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 Mooroolbark & District 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:

Registered office	Principal place of business
476 Dorset Road, Croydon South VIC 3136	66-74 Brice Avenue, Mooroolbark VIC 3138

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 25 September 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

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

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

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

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

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

Note 3. Material accounting policy information (continued)

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

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

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.

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

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

The company has not recognised an allowance for expected credit losses in relation to trade and other receivables for the following reasons:

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

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

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

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

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

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

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, 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. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

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

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

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

Note 5. Economic dependency

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

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 $1,862,488 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.

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 $282,262.

Note 7. Revenue from contracts with customers

	2024 $	2023 $
Margin income	1,454,765	1,597,682
Fee income	52,951	50,192
Commission income	90,339	82,576
	1,598,055	1,730,450

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:

Note 7. Revenue from contracts with customers (continued)

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.

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	518,132	542,542
Superannuation contributions	80,978	96,537
Expenses related to long service leave	(14,619)	(11,370)
Other expenses	25,056	24,495
	609,547	652,204

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Investment property	2,884	2,884
Buildings	3,279	2,892
Plant and equipment	4,770	3,117
Furniture and fittings	2,851	2,944
	13,784	11,837
Depreciation of right-of-use assets		
Leased land and buildings	23,661	23,183
Amortisation of intangible assets		
Franchise fee	3,436	1,098
Franchise renewal fee	17,183	5,487
	20,619	6,585
	58,064	41,605

Finance costs

	2024 $	2023 $
Lease interest expense	18,927	21,204
Unwinding of make-good provision	853	821
Other	824	33
	20,604	22,058

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

Charitable donations, sponsorships and grants

	2024 $	2023 $
Direct donation, sponsorship and grant payments	96,836	98,746
Contribution to the Community Enterprise Foundation™	39,486	41,400
	136,322	140,146

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).

Note 8. Expenses (continued)

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

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

Note 9. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	167,287	188,993
Movement in deferred tax	13,083	2,880
Under/over provision in respect to prior years	(1,328)	-
Aggregate income tax expense	179,042	191,873
Prima facie income tax reconciliation		
Profit before income tax expense	717,969	766,246
Tax at the statutory tax rate of 25%	179,492	191,562
Tax effect of:		
Non-deductible expenses	878	311
Under/over provision in respect to prior years	(1,328)	-
Income tax expense	179,042	191,873

	2024 $	2023 $
Deferred tax assets		
Property, plant and equipment	(10,562)	(9,233)
Employee benefits	31,157	40,249
Lease liabilities	86,013	93,885
Provision for lease make good	4,160	3,906
Right-of-use assets	(45,755)	(50,711)
Deferred tax asset	65,013	78,096

	2024 $	2023 $
Provision for income tax	167,287	186,550

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 for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

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

Note 9. Income tax (continued)

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

Note 10. Cash and cash equivalents

	2024 $	2023 $
Cash on hand	152	55
Cash at bank and on hand	211,811	183,236
	211,963	183,291

Note 11. Trade and other receivables

	2024 $	2023 $
Trade receivables	144,625	154,857
Other receivables and accruals	-	873
Prepayments	985	9,736
	985	10,609
	145,610	165,466

	2024 $	2023 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	145,610	165,466
less prepayments	(985)	(9,736)
	144,625	155,730

Note 12. Investments

	2024 $	2023 $
Current assets		
Term Deposits	1,502,402	1,862,488

Note 13. Property, plant and equipment

	2024 $	2023 $
Land - at cost	390,000	-
Buildings - at cost	616,135	213,540
Less: Accumulated depreciation	(191,905)	(188,626)
	424,230	24,914
Plant and equipment - at cost	86,338	70,632
Less: Accumulated depreciation	(57,450)	(52,680)
	28,888	17,952
Fixtures and fittings - at cost	61,694	61,694
Less: Accumulated depreciation	(55,760)	(52,909)
	5,934	8,785
	849,052	51,651

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 $	Fixtures and fittings $	Total $
Balance at 1 July 2022	-	27,806	21,069	11,729	60,604
Depreciation	-	(2,892)	(3,117)	(2,944)	(8,953)
Balance at 30 June 2023	-	24,914	17,952	8,785	51,651
Additions	390,000	402,595	15,706	-	808,301
Depreciation	-	(3,279)	(4,770)	(2,851)	(10,900)
Balance at 30 June 2024	390,000	424,230	28,888	5,934	849,052

Additions
During the financial year the company purchased land and buildings located at 6 Brice Avenue, Mooroolbark for the purposes of relocating the branch location.

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

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

Building	40 years
Plant and equipment	5 to 10 years
Fixtures and fittings	5 to 40 years

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

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

Note 14. Right-of-use assets

	2024 $	2023 $
Land and buildings - right-of-use	301,132	297,297
Less: Accumulated depreciation	(118,112)	(94,451)
	183,020	202,846

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	226,029
Depreciation expense	(23,183)
Balance at 30 June 2023	202,846
Remeasurement adjustments	3,835
Depreciation expense	(23,661)
Balance at 30 June 2024	183,020

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 19 for more information on lease arrangements.

Note 15. Non-current assets classified as held for sale

	2024 $	2023 $
Current assets		
Land	296,657	-
Buildings	88,122	-
	384,779	-

Accounting policy for non-current assets classified as held for sale
Non-current assets and classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets, but not in excess of any cumulative impairment loss previously recognised.

Note 15. Non-current assets classified as held for sale (continued)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

As at 30 June 2024 the company currently has the intention to sell the 56 Brice Avenue Property, hence the current asset classification has been applied.

This property was sold at auction on 17 July 2024.

Note 16. Investment property

	2024 $	2023 $
Investment property - at cost	-	412,023
Less: Accumulated depreciation	-	(24,360)
	-	387,663

Reconciliation
Reconciliation of the current and previous financial year are set out below:

	2024 $	2023 $
Opening amount	387,663	390,547
Transfer to held for sale	(384,779)	-
Depreciation expense	(2,884)	(2,884)
Closing amount	-	387,663

Accounting policy for investment properties
Investment properties principally comprise of freehold land held for capital appreciation that are not occupied by the company. Investment properties are recognised at cost, less accumulated depreciation. As at 30 June 2024, the company has the intention to sell the 56 Brice Avenue property. The property has been reclassified to non-current assets classified as held for sale. Refer to note 15 for further details.

Note 17. Intangible assets

	2024 $	2023 $
Franchise fee	133,723	133,723
Less: Accumulated amortisation	(127,503)	(124,067)
	6,220	9,656
Franchise renewal fee	145,871	145,871
Less: Accumulated amortisation	(114,767)	(97,584)
	31,104	48,287
	37,324	57,943

Note 17. Intangible assets (continued)

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	10,754	53,774	64,528
Amortisation expense	(1,098)	(5,487)	(6,585)
Balance at 30 June 2023	9,656	48,287	57,943
Amortisation expense	(3,436)	(17,183)	(20,619)
Balance at 30 June 2024	6,220	31,104	37,324

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)	May 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	May 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	8,642	10,873
Other payables and accruals	48,171	42,305
	56,813	53,178
Non-current liabilities		
Other payables and accruals	14,651	29,303

	2024 **$**	**2023** **$**
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	71,464	82,481
less other payables and accruals (net GST payable to the ATO)	(12,033)	(9,069)
	59,431	73,412

Note 19. Lease liabilities

	2024 $	2023 $
Current liabilities		
Land and buildings lease liabilities	52,645	34,530
Non-current liabilities		
Land and buildings lease liabilities	291,407	341,011

Reconciliation of lease liabilities

	2024 $	2023 $
Opening balance	375,541	408,263
Remeasurement adjustments	3,511	-
Lease interest expense	18,927	21,204
Lease payments - total cash outflow	(53,927)	(53,926)
	344,052	375,541

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
Branch	5.39%	10 years	No	N/A	March 2032

Note 20. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	57,779	81,281
Long service leave	57,986	71,706
	115,765	152,987
Non-current liabilities		
Long service leave	6,021	6,920

Note 20. Employee benefits (continued)

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

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

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

Note 21. Issued capital

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	629,209	629,209	629,209	629,209

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.

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*.

Note 21. Issued capital (continued)

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- 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").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 389. As at the date of this report, the company had 366 shareholders (2023: 367 shareholders).

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 22. 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%.

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 23. 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: 6 cents)	50,337	37,752

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	531,732	564,099
Franking credits (debits) arising from income taxes paid (refunded)	185,222	(19,783)
Franking debits from the payment of franked distributions	(16,779)	(12,584)
	700,175	531,732
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	700,175	531,732
Franking credits (debits) that will arise from payment (refund) of income tax	167,287	186,550
Franking credits available for future reporting periods	867,462	718,282

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 24. Financial risk management

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

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

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

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

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

	2024 $	2023 $
Financial assets at amortised cost		
Trade and other receivables (note 11)	144,625	155,730
Cash and cash equivalents (note 10)	211,963	183,291
Investments (note 12)	1,502,402	1,862,488
	1,858,990	2,201,509
Financial liabilities at amortised cost		
Trade and other payables (note 18)	59,431	73,412
Lease liabilities (note 19)	344,052	375,541
	403,483	448,953

Note 24. Financial risk management (continued)

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

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets at amortised cost.

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

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

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

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

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

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

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. The company held cash and cash equivalents of $211,963 and term deposits of $1,502,402 at 30 June 2024 (2023: $183,291 and $1,862,488).

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	44,780	14,651	-	59,431
Lease liabilities	53,927	215,708	148,299	417,934
Total non-derivatives	98,707	230,359	148,299	477,365

Note 24. Financial risk management (continued)

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	44,109	29,303	-	73,412
Lease liabilities	53,927	215,708	202,226	471,861
Total non-derivatives	98,036	245,011	202,226	545,273

Note 25. Key management personnel disclosures

The following persons were directors of Mooroolbark & District Financial Services Limited during the financial year and/or up to the date of signing of these Financial Statements.

Richard Kim Nicholas
David Lynton Wright
Richard Leigh Higgins
Anthony Michael Wright
Carolyn Anne Geyer
Gregory Brian Green
Sophie Todorov

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 26. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 25.

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 $**
Carolyn Geyer provided bookkeeping and BAS lodgement services for the company and was also reimbursed for software fees. The total benefit was:	10,104	4,736
The company reimbursed its directors for membership payments for the Institute of Company Directors. The total benefit received was:	2,400	2,255
The company lease a boardroom and offices from Coulter Nicholas Pty Ltd, a company which Richard Nicholas has a majority shareholding. The total benefit received was:	6,000	6,000

Note 27. 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	2,910
General advisory services	3,600	4,050
Share registry services	4,329	2,310
	8,629	9,270
	15,279	14,670

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 $	2023 $
Profit after income tax expense for the year	538,927	574,373
Adjustments for:		
Depreciation and amortisation	58,064	41,605
Lease liabilities interest	18,927	21,204
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	19,856	(67,294)
Decrease in income tax refund due	-	22,225
Decrease in deferred tax assets	13,083	2,880
Increase/(decrease) in trade and other payables	2,144	(967)
Increase/(decrease) in provision for income tax	(19,263)	186,550
Decrease in employee benefits	(38,121)	(11,370)
Increase in other provisions	854	822
Net cash provided by operating activities	594,471	770,028

Note 29. Earnings per share

	2024 $	2023 $
Profit after income tax	538,927	574,373
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	629,209	629,209
Weighted average number of ordinary shares used in calculating diluted earnings per share	629,209	629,209
	Cents	**Cents**
Basic earnings per share	85.65	91.28
Diluted earnings per share	85.65	91.28

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

On 17 July 2024 the property at 56 Brice Avenue, Mooroolbark was sold for $548,000 with settlement occurring on 18 September 2024.

No other 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

Gregory Brian Green
Chair

25 September 2024

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

Independent auditor's report to the Directors of Mooroolbark & District Financial Services Limited

Report on the Audit of the Financial Report

Opinion

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

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

Basis for Opinion

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

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

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

Andrew Frewin Stewart
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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: 25 September 2024

Joshua Griffin
Lead Auditor

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Bendigo Bank