

Annual Report 2024

Paynesville & District Financial Services Limited

Community Bank
Paynesville & District
ABN 80 115 308 015



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Chairman's report

For year ending 30 June 2024

It gives me great pleasure to present our 2024 Annual Report.

On behalf of the Board of Directors, I am pleased to report that this year the business growth of the Community Bank Paynesville & District has once again continued to increase, due to the hard work of our Branch Manager and staff.

I would like to thank our customers for their support, our team members for continually delivering quality service, our shareholders for backing their community and all the passionate locally based volunteer Directors for their hard work, commitment and time they put into assisting with Board duties.


In 2023-24, several community groups were funded through the Community Partnership Program, assisting local organisations to conduct events, activities and projects within our local area, which is a vital part of the Bendigo Bank Community Bank model. This year we have supported organisations such as the Paynesville Football & Netball Club, the Paynesville Classic Boat Rally, the Kingfisher Dragon Boats, Paynesville Coastguard and the Paynesville Business & Tourism Association, plus other local projects. Through the support of these community groups and their activities, Community Bank Paynesville & District contributes towards Paynesville's development into a strong, inclusive community.

This year, our profit before community contributions and income tax expense was \$445,311. The charitable donations, sponsorship and grant expenditure was \$383,909 and income tax \$14,659 providing an after tax profit of \$46,743. Included in the community contributions was a contribution of \$300,000 into the Community Enterprise Foundation to be used for future projects in our local community. Last year in my report I advised that we contributed \$325,000 to the Community Enterprise Foundation and I can report that part of that contribution has been used for the Community Bank Scholarship program to assist five local students undertaking their first year of their bachelor's degree at university and they will be further assisted for their second year. We look forward to being able to assist our community with projects in the future that will benefit our local area and enhance community liveability of Paynesville, Raymond Island, Eagle Point and Newlands Arm.

I would like to thank Jack our Branch Manager and Marcia, Karen, Natalie and Dominique our branch staff for providing outstanding customer and community service. Also, thanks to Angela our Company Secretary for her exceptional support provided throughout the year and thanks to Nick, Lyn, Gary, Peter and Matt our Board members who volunteer their time to make our company a success.

As a Board, our priority is to support Community Bank Paynesville & District to provide excellent Bendigo Bank financial services, to support our community organisations, to ensure sound governance of the business, and to deliver long-term growth and profitability for our shareholders. This year, it gives me great pleasure to announce that the Board of Directors have proposed to pay a fully franked dividend of 5 cents per share to be paid on 2 December 2024.

We thank our shareholders and our customers for their support, and we look forward to a successful year ahead.



Janet McLeod
Chairman

Manager's report

For year ending 30 June 2024

It is with great pleasure I present to you my 2024 Branch Manager's report.

I would like to take this opportunity to thank those who have supported Community Bank Paynesville & District. To the Directors of Paynesville and District Financial Services Limited who volunteer their time I would like to commend them for their contribution and to the ongoing success of our company. I would also like to acknowledge our branch staff for their dedication, enthusiasm and commitment to provide the best customer service experience possible for our customers and for embracing the changes within our business and our industry to ensure we can continue to meet customer expectations ongoing into the future. Their efforts are truly valued.

For this financial year our business has continued to grow. Growth for the financial year was \$873,254 taking our total business to \$133.52 million. With the efforts of the hard-working staff and support from the local community, we hope to increase our business growth for the year ahead.

This year we launched our Community Bank Scholarship program assisting five local students undertaking their first year of their bachelor degree at university. We look forward to following their journeys and seeing where their studies take them into the future. Since opening our Community Bank in 2005, our branch has given over \$800,000 back to the community - a figure which we are extremely proud of and will continue to significantly build on in the years to come. To allow us to do this we need your help - the more you support Community Bank Paynesville & District, the more we can give back to the community. I urge you to ask yourself, your friends and families, community groups and local businesses if you want your banking to contribute to your community if it does not already do so.

We would love the opportunity to discuss any lending, deposit or insurance needs you may have, or if we can review any existing products held to see if we can find a suitable alternative to help you grow your financial wellbeing.

On behalf of Community Bank Paynesville & District, we hope to speak to you at the branch soon either by phone, video or face to face.



Jack van Reyk
Branch 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:	Janet Louise McLeod
Title:	Non-executive director
Experience and expertise:	Janet is a Chartered Accountant. Janet has over 30 years experience in Professional Accounting. Janet has a Master of Applied Taxation, a Master of Business Administration, is a Chartered Accountant (CA SMSF Specialist) and Chartered Tax Adviser.
Special responsibilities:	Chair, Treasurer, Chair of Human Resources Committee and Chair of Marketing and Business Development Committee
Name:	Peter John Markwell
Title:	Non-executive director
Experience and expertise:	Peter has worked as a stock exchange floor operator, a money market operator in cash and securities, CEO at the National Mortgage Market Corporation Ltd (a Victorian government-sponsored corporation), and a mortgage lending consultant at National Mortgage Services. He is the Inaugural President at Raymond Island Community Association Inc., and has previously volunteered as a helper at Paynesville Sea Scouts for over 10 years and Meals on Wheels for 9 years.
Special responsibilities:	Marketing and Business Development Committee and Strategic Planning Committee.
Name:	Matthew John Butler
Title:	Non-executive director
Experience and expertise:	Worked in the ICT industry for over 35 years, currently working at the Bairnsdale Secondary College. Treasurer of the AJ Freeman Reserve Committee of Management. Museum Volunteer and Committee Vice President of the Paynesville Maritime Museum. Member of the Paynesville Football Netball Club, Paynesville Cricket Club and Bairnsdale Golf Club.
Special responsibilities:	Marketing and Business Development Committee, Risk, Audit, Finance and Governance Committee.
Name:	Gary Edwin James Gaffney
Title:	Non-executive director
Experience and expertise:	Director of Bluepen Solutions. Gary has held various senior and local roles over the past 25 years including CEO of East Gippsland Shire and Executive Director of Regional Development Victoria Government. He is currently semi retired and runs a small consultancy business. He is also the Director and Treasurer of the Arthur Grassby Kokoda Scholarship. His education includes an MBA in Executive Business Operations, Graduate Diploma in Business, Graduate Certificate in Business, Diploma of Business Management as well as qualifications in quality assurance and public participation. Former directorships in the past three years include Regional Development Australia Gippsland, Gippsland Regional Partnership (State), Canberra Regional Joint Board and Rural Councils Victoria.
Special responsibilities:	Marketing and Business Development Committee, Audit, Risk, Governance, Finance Committee and Chair of Strategic Planning Committee.

Directors' report (continued)

Name: Lynette Joy Wallace
Title: Non-executive director
Experience and expertise: Lynette has mainly worked within the creative world of design studios as a team leader and in middle management in Melbourne and Sydney for private enterprises prior to moving to regional Victoria, working for Government organisations in middle management in administration prior to leaving the workforce a few years back. Lynette has volunteered for many groups and sporting organisations over 45 years. She has been a committee member of a number of sailing clubs and sailing associations in roles from general committee, Commodore, Vice Commodore and sailing school Principal. She has also been connected to the local business and tourism group in various roles. Lynette is currently a Board Member of East Gippsland Marketing Inc.
Special responsibilities: Member of Marketing and Business Development Committee, and Human Resources Committee.

Name: Nicholas Walter George Fordham
Title: Non-executive director
Experience and expertise: Nicholas is a Business Analyst with Dyers Transport. Nick holds a Bachelor of Arts, GradCert. Training in Change Management and a Graduate Diploma in Business Computing. He is the Chair of Paynesville Primary School Council. He has been a Business Analyst and IT Manager at Bairnsdale Regional Health Service, an Executive Director of Federation Training, an IT Manager at Advance TAFE and Project Manager at East Gippsland Institute of TAFE.
Special responsibilities: Chair of Audit, Risk, Governance, Finance Committee. Member of Strategic Planning sub-committee.

Company secretary

The Company secretary is Angela Dunkley. Angela was appointed to the position of Company secretary in June 2013.

Experience and expertise: Angela has worked in the banking and finance industry for approximately 27 years, and as a personal assistant in the education industry for six years. Angela has experience in a wide variety of occupations including hospitality, running her own business, teacher's aide and event management. Angela was also the secretary of the Paynesville BTA for 10 years.

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 \$46,743 (30 June 2023: \$187,235).

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 5 cents per share (2023: 5 cents)	39,676	39,676

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.

Directors' report (continued)

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

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		Marketing Committee		Human Resources Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Janet Louise McLeod	11	11	3	3	3	3
Peter John Markwell	11	6	3	-	-	-
Matthew John Butler	11	11	3	2	-	-
Gary Edwin James Gaffney	11	7	3	2	1	1
Lynette Joy Wallace	11	8	3	2	1	1
Nicholas Walter George Fordham	11	10	-	-	-	-
			Audit, Risk, Finance and Governance Committee		Strategic Planning Committee	
			Eligible	Attended	Eligible	Attended
Janet Louise McLeod			9	9	3	3
Peter John Markwell			-	-	3	1
Matthew John Butler			9	9	-	-
Gary Edwin James Gaffney			9	5	3	3
Lynette Joy Wallace			-	-	-	-
Nicholas Walter George Fordham			9	8	3	3

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.

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
Janet Louise McLeod	5,500	5,000	10,500
Peter John Markwell	-	-	-
Matthew John Butler	-	-	-
Gary Edwin James Gaffney	-	2,000	2,000
Lynette Joy Wallace	10,000	-	10,000
Nicholas Walter George Fordham	-	-	-

Directors' report (continued)

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

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

Non-audit services

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

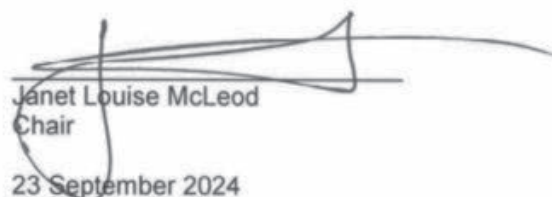
- all non-audit services have been reviewed by the Board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional 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


Janet Louise McLeod
Chair
23 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 Paynesville & District Financial Services Limited

As lead auditor for the audit of Paynesville & 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.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 September 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

Financial statements

Paynesville & 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	1,017,763	1,102,941
Other revenue		-	10,077
Finance revenue		17,768	4,911
Total revenue		<u>1,035,531</u>	<u>1,117,929</u>
Employee benefits expense	8	(457,916)	(393,110)
Advertising and marketing costs		(6,506)	(7,202)
Occupancy and associated costs		(19,714)	(19,665)
System costs		(16,068)	(15,255)
Depreciation and amortisation expense	8	(29,278)	(29,518)
General administration expenses		(60,738)	(55,814)
Total expenses before community contributions and income tax expense		<u>(590,220)</u>	<u>(520,564)</u>
Profit before community contributions and income tax expense		445,311	597,365
Charitable donations, sponsorships and grants expense	8	<u>(383,909)</u>	<u>(347,155)</u>
Profit before income tax expense		61,402	250,210
Income tax expense	9	<u>(14,659)</u>	<u>(62,975)</u>
Profit after income tax expense for the year		46,743	187,235
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>46,743</u>	<u>187,235</u>
		Cents	Cents
Basic earnings per share	25	5.89	23.60
Diluted earnings per share	25	5.89	23.60

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

Financial statements (continued)

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

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	289,020	425,815
Trade and other receivables	11	93,024	111,673
Investments	12	300,000	200,000
Current tax assets	9	34,044	-
Total current assets		<u>716,088</u>	<u>737,488</u>
Non-current assets			
Property, plant and equipment	13	479,183	495,065
Intangible assets	14	18,736	31,692
Deferred tax assets	9	20,524	17,381
Total non-current assets		<u>518,443</u>	<u>544,138</u>
Total assets		<u>1,234,531</u>	<u>1,281,626</u>
Liabilities			
Current liabilities			
Trade and other payables	15	21,761	24,090
Current tax liabilities	9	-	58,073
Employee benefits	16	70,489	66,880
Total current liabilities		<u>92,250</u>	<u>149,043</u>
Non-current liabilities			
Employee benefits	16	6,488	3,857
Total non-current liabilities		<u>6,488</u>	<u>3,857</u>
Total liabilities		<u>98,738</u>	<u>152,900</u>
Net assets		<u>1,135,793</u>	<u>1,128,726</u>
Equity			
Issued capital	17	769,708	769,708
Retained earnings		<u>366,085</u>	<u>359,018</u>
Total equity		<u>1,135,793</u>	<u>1,128,726</u>

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

Financial statements (continued)

Paynesville & District Financial Services Limited Statement of changes in equity For the year ended 30 June 2024

		Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2022		769,708	211,459	981,167
Profit after income tax expense		-	187,235	187,235
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	187,235	187,235
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(39,676)	(39,676)
Balance at 30 June 2023		<u>769,708</u>	<u>359,018</u>	<u>1,128,726</u>
Balance at 1 July 2023		769,708	359,018	1,128,726
Profit after income tax expense		-	46,743	46,743
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	46,743	46,743
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(39,676)	(39,676)
Balance at 30 June 2024		<u>769,708</u>	<u>366,085</u>	<u>1,135,793</u>

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

Financial statements (continued)

Paynesville & 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)		1,139,233	1,180,367
Payments to suppliers and employees (inclusive of GST)		(1,043,031)	(951,676)
Interest received		17,038	3,085
Income taxes paid		<u>(109,919)</u>	<u>(6,933)</u>
Net cash provided by operating activities	24	<u>3,321</u>	<u>224,843</u>
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(100,000)	125,000
Payments for property, plant and equipment		<u>(440)</u>	<u>(2,190)</u>
Net cash provided by/(used in) investing activities		<u>(100,440)</u>	<u>122,810</u>
Cash flows from financing activities			
Dividends paid	19	<u>(39,676)</u>	<u>(39,676)</u>
Net cash used in financing activities		<u>(39,676)</u>	<u>(39,676)</u>
Net increase/(decrease) in cash and cash equivalents		(136,795)	307,977
Cash and cash equivalents at the beginning of the financial year		<u>425,815</u>	<u>117,838</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>289,020</u></u>	<u><u>425,815</u></u>

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 Paynesville & 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 61 Esplanade, Paynesville, VIC 3880.

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

Note 2. Basis of preparation and statement of compliance

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

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

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

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

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

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

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements. Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company's financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Accounting standards issued but not yet effective

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

Current and non-current classification

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

Notes to the financial statements (continued)

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.

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

Estimation of useful lives of 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.

Notes to the financial statements (continued)

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

Impairment of non-financial assets

The company assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

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.

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 December 2025.

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

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

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

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

Notes to the financial statements (continued)

Note 6. Change to comparative figures (continued)

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 comparative 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 \$200,000 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

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

Note 7. Revenue from contracts with customers

	2024	2023
	\$	\$
Margin income	898,549	991,659
Fee income	46,663	48,766
Commission income	72,551	62,516
	<u>1,017,763</u>	<u>1,102,941</u>

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. Under AASB 15 *Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is as follows:

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
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.

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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	393,076	342,606
Superannuation contributions	43,780	34,945
Expenses related to long service leave	7,214	2,127
Other expenses	13,846	13,432
	<u>457,916</u>	<u>393,110</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Buildings	8,513	8,513
Improvements	2,942	2,943
Furniture and fittings	4,361	4,577
Computer software	506	530
	<u>16,322</u>	<u>16,563</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,160	2,158
Franchise renewal fee	10,796	10,797
	<u>12,956</u>	<u>12,955</u>
	<u>29,278</u>	<u>29,518</u>

Charitable donations, sponsorships and grants expense

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	83,909	22,155
Contribution to the Community Enterprise Foundation™	300,000	325,000
	<u>383,909</u>	<u>347,155</u>

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

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

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

Note 9. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Current tax	18,846	67,571
Movement in deferred tax	(3,144)	(4,596)
Under/over adjustment in respect to prior years	(1,043)	-
Aggregate income tax expense	<u>14,659</u>	<u>62,975</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	61,402	250,210
Tax at the statutory tax rate of 25%	15,351	62,553
Tax effect of:		
Non-deductible expenses	351	422
Under/over adjustment in respect to prior years	<u>15,702</u>	<u>62,975</u>
	<u>(1,043)</u>	<u>-</u>
Income tax expense	<u>14,659</u>	<u>62,975</u>

Notes to the financial statements (continued)

Note 9. Income tax (continued)

	2024 \$	2023 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	2,453	(884)
Employee benefits	17,622	17,684
Accrued expenses	1,100	1,050
Income accruals	(651)	(469)
	<u>20,524</u>	<u>17,381</u>
	2024 \$	2023 \$
Income tax refund due	<u>34,044</u>	<u>-</u>
	2024 \$	2023 \$
Provision for income tax	<u>-</u>	<u>58,073</u>

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.

Note 10. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	<u>289,020</u>	<u>425,815</u>

Note 11. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	<u>84,505</u>	<u>104,201</u>
Accrued income	2,604	1,874
Prepayments	<u>5,915</u>	<u>5,598</u>
	<u>8,519</u>	<u>7,472</u>
	<u>93,024</u>	<u>111,673</u>

Note 12. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposit	<u>300,000</u>	<u>200,000</u>

Notes to the financial statements (continued)

Note 13. Property, plant and equipment

	2024 \$	2023 \$
Land - at cost	145,935	145,935
Buildings - at cost	340,515	340,515
Less: Accumulated depreciation	(34,075)	(25,562)
	<u>306,440</u>	<u>314,953</u>
Improvements - at cost	137,738	137,738
Less: Accumulated depreciation	(134,911)	(131,969)
	<u>2,827</u>	<u>5,769</u>
Furniture and fittings - at cost	153,835	153,395
Less: Accumulated depreciation	(130,858)	(126,497)
	<u>22,977</u>	<u>26,898</u>
Computer software - at cost	17,288	17,288
Less: Accumulated depreciation	(16,284)	(15,778)
	<u>1,004</u>	<u>1,510</u>
	<u><u>479,183</u></u>	<u><u>495,065</u></u>

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

	Land \$	Buildings \$	Improvements \$	Furniture and fittings \$	Computer software \$	Total \$
Balance at 1 July 2022	145,935	323,466	8,712	29,285	2,040	509,438
Additions	-	-	-	2,190	-	2,190
Depreciation	-	(8,513)	(2,943)	(4,577)	(530)	(16,563)
Balance at 30 June 2023	145,935	314,953	5,769	26,898	1,510	495,065
Additions	-	-	-	440	-	440
Depreciation	-	(8,513)	(2,942)	(4,361)	(506)	(16,322)
Balance at 30 June 2024	<u>145,935</u>	<u>306,440</u>	<u>2,827</u>	<u>22,977</u>	<u>1,004</u>	<u>479,183</u>

Accounting policy for property, plant and equipment

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

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

Building	40 years
Improvements	3 to 55 years
Furniture and fittings	4 to 40 years
Computer software	3 to 10 years

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

Improvements are depreciated over 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.

Notes to the financial statements (continued)

Note 14. Intangible assets

	2024 \$	2023 \$
Franchise fee	43,663	43,663
Less: Accumulated amortisation	<u>(40,541)</u>	<u>(38,381)</u>
	3,122	5,282
Franchise renewal fee	168,318	168,318
Less: Accumulated amortisation	<u>(152,704)</u>	<u>(141,908)</u>
	15,614	26,410
	<u>18,736</u>	<u>31,692</u>

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	7,440	37,207	44,647
Amortisation expense	<u>(2,158)</u>	<u>(10,797)</u>	<u>(12,955)</u>
Balance at 30 June 2023	5,282	26,410	31,692
Amortisation expense	<u>(2,160)</u>	<u>(10,796)</u>	<u>(12,956)</u>
Balance at 30 June 2024	<u>3,122</u>	<u>15,614</u>	<u>18,736</u>

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:

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

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

Note 15. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	347	31
Other payables and accruals	<u>21,414</u>	<u>24,059</u>
	21,761	24,090
	<u>2024</u> \$	<u>2023</u> \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	21,761	24,090
plus other payables and accruals (net GST receivable from the ATO)	<u>8,145</u>	<u>4,026</u>
	<u>29,906</u>	<u>28,116</u>

Notes to the financial statements (continued)

Note 16. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	36,321	37,295
Long service leave	34,168	29,585
	<u>70,489</u>	<u>66,880</u>
<i>Non-current liabilities</i>		
Long service leave	<u>6,488</u>	<u>3,857</u>

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 expected 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 17. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	793,513	793,513	793,513	793,513
Less: Equity raising costs	-	-	(23,805)	(23,805)
	<u>793,513</u>	<u>793,513</u>	<u>769,708</u>	<u>769,708</u>

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.

Notes to the financial statements (continued)

Note 17. Issued capital (continued)

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.

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

Notes to the financial statements (continued)

Note 18. Capital management (continued)

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 5 cents per share (2023: 5 cents)	<u>39,676</u>	<u>39,676</u>

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	150,009	156,302
Franking credits (debits) arising from income taxes paid (refunded)	109,919	6,932
Franking debits from the payment of franked distributions	<u>(13,225)</u>	<u>(13,225)</u>
	246,703	150,009

Franking transactions that will arise subsequent to the financial year end:

Balance at the end of the financial year	246,703	150,009
Franking credits (debits) that will arise from payment (refund) of income tax	<u>(34,044)</u>	<u>58,073</u>
Franking credits available for future reporting periods	<u>212,659</u>	<u>208,082</u>

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%.

Note 20. Financial risk management

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

Notes to the financial statements (continued)

Note 20. Financial risk management (continued)

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated 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)	87,109	106,075
Cash and cash equivalents (note 10)	289,020	425,815
Investments (note 12)	300,000	200,000
	<u>676,129</u>	<u>731,890</u>
Financial liabilities at amortised cost		
Trade and other payables (note 15)	<u>29,906</u>	<u>28,116</u>

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.

Notes to the financial statements (continued)

Note 20. Financial risk management (continued)

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 \$289,020 and term deposits of \$300,000 at 30 June 2024 (2023: cash and cash equivalents of \$425,815 and term deposits of \$200,000).

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.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	29,906	-	-	29,906
Total non-derivatives	29,906	-	-	29,906
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	28,116	-	-	28,116
Total non-derivatives	28,116	-	-	28,116

Note 21. Key management personnel disclosures

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

Janet Louise McLeod
Peter John Markwell
Matthew John Butler

Gary Edwin James Gaffney
Lynette Joy Wallace
Nicholas Walter George Fordham

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

Note 22. Related party transactions

Key management personnel

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

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.

Notes to the financial statements (continued)

Note 22. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
During the financial year the company paid a sponsorship to Paynesville Business & Tourism Association where Angela Dunkley was a secretary during 2023-2024 but has now resigned. The total benefit received was:	5,000	-

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 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,650	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	700	660
General advisory services	3,090	2,610
Share registry services	5,081	6,208
	<u>8,871</u>	<u>9,478</u>
	<u>15,521</u>	<u>14,878</u>

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	46,743	187,235
Adjustments for:		
Depreciation and amortisation	29,278	29,518
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	18,649	(44,537)
Decrease/(increase) in income tax refund due	(34,044)	2,566
Increase in deferred tax assets	(3,143)	(4,597)
Decrease in trade and other payables	(2,329)	(10,784)
Increase/(decrease) in provision for income tax	(58,073)	58,073
Increase in employee benefits	6,240	7,369
Net cash provided by operating activities	<u>3,321</u>	<u>224,843</u>

Note 25. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>46,743</u>	<u>187,235</u>

Notes to the financial statements (continued)

Note 25. Earnings per share (continued)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>793,513</u>	<u>793,513</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>793,513</u>	<u>793,513</u>
	Cents	Cents
Basic earnings per share	5.89	23.60
Diluted earnings per share	5.89	23.60

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


Janet Louise McLeod
Chair
23 September 2024

Independent audit report



Andrew Frewin Stewart
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03 5443 0344

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Paynesville & 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 Paynesville & 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.



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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.

A handwritten signature in black ink, appearing to read 'Andrew Frewein Stewart'.

Andrew Frewein Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 23 September 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

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 **Bendigo Bank**