

Toodyay & Districts Community Financial Services Limited

ABN 67 090 105 249

Financial Report - 30 June 2024

Toodyay & Districts Community Financial Services Limited

Directors' report

30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name: Michael Francis McGuinness
Title: Non-executive director
Experience and expertise: Dental Surgeon AM (2016), BDSC Certificate Further Education. FICD, FPPA. Past President Dental Board WA. Past Director and Vice President ADC (Australian Dental Council). Past Head Dental School. Chairman Toodyay & Districts Community Financial Services Limited.

Special responsibilities: Chair of the Board, Chair of Finance, Audit and Risk Committee

Name: Ian Allan Tate
Title: Non-executive director
Experience and expertise: Ian was a qualified Mechanical Engineer and was retrained to be a BAS Agent Bookkeeper in 2017. Worked in multiple corporations in both the UK and Australia and now runs a successful bookkeeping business in Perth.

Special responsibilities: Member of Finance & Audit Committee

Name: Kirsten Michelle Barrack
Title: Executive director
Experience and expertise: CEO / Branch Manager of Toodyay & Districts Community Financial Services Limited since 2016, previous to that was Customer Relationship Manager for 8 years. Toodyay DHS School Council member 2021 - present. Safer Toodyay Committee Member since 2016, Chair since August 2022.

Special responsibilities: Company Secretary and member of Finance, Audit & Risk Committee, Business Development Committee and Human Resources Committee

Name: Robyn Louise Lord
Title: Non-executive director
Experience and expertise: Manager and Principal Solicitor of Wheatbelt Community Legal Centre, Lawyer with 20+ years experience practicing both in Australia and UK and in both public and private sector. Member of Australian Institute of Management (WA). Member of AICD. Member of Community Legal Association.

Special responsibilities: Chair of HR sub-committee

Name: Graham Harold Hill
Title: Non-executive director (appointed 11 July 2023)
Experience and expertise: A working life in the building industry has led me to a series of trade and management experience within South Australia and Western Australia. Gaining an Associate Fellow of the Institute of Management and General Building Licence in South Australia along with becoming a part of the management team of Boral Limited and BGC in Western Australia.

Special responsibilities: Chairman of Business Development Committee

Name: Juana Alison Paynter
Title: Non-executive director (appointed 11 July 2023)
Experience and expertise: 20 years public sector experience across agriculture, aquaculture, natural resource management and regional development. 13 years business owner and industry and community roles across health and wellness, small business and community development. B.Sc Hons, Biology (aquaculture) / Public Relations. Currently on Northam Town Team committee.

Special responsibilities: Member of Business Development Committee

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Name: Daniel Patrick Reilly
Title: Non-executive director (resigned 6 March 2024)
Experience and expertise: Daniel is an experienced Small to Medium Enterprise Company Director with a military aviation engineering background. He holds various professional and applied qualifications and has held senior corporate level commercial, project management and engineering appointments, including CEO of his own professional logistics and HR placement consultancy. He is currently the Chair of the Aviation Safety Board for the Royal Australian Navy as well as the principal of his own executive coaching consultancy, He is resident in Northam with commercial and residential property holdings.
Special responsibilities: Member of the Finance and Risk Committee

Name: Rodney James Black
Title: Non-executive director (resigned 19 September 2023)
Experience and expertise: Advanced Diploma Applied Science Drafting, Advanced Diploma Hospitality. Full time hospitality career, 1988 - present. Hotel General Management roles, 1998 - present.
Special responsibilities: Deputy Chair, Chair of Human Resources Committee and Chair of Business Development Committee

Company secretary

The company secretary is Kirsten Michelle Barrack. Kirsten was appointed to the position of company secretary on 29 September 2021.

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 \$120,084 (30 June 2023: \$176,154).

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 20 cents per share (2023: 10 cents)	<u>68,472</u>	<u>34,236</u>

Significant changes in the state of affairs

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

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

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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		Finance, Audit & Risk Committee		Human Resources Committee		Business Development Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Michael Francis McGuinness	10	10	9	9	8	7	1	1
Ian Allan Tate	10	10	9	9	5	4	-	-
Kirsten Michelle Barrack	10	10	9	9	8	8	9	9
Graham Harold Hill	9	9	-	-	-	-	8	8
Daniel Patrick Reilly	7	7	5	4	-	-	-	-
Juana Alison Paynter	9	9	-	-	-	-	8	8
Robyn Louise Lord	10	7	-	-	8	6	-	-
Rodney James Black	3	3	-	-	2	2	2	2

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 23 and note 24 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
Michael Francis McGuinness	300	-	300
Ian Allan Tate	-	-	-
Kirsten Michelle Barrack	300	-	300
Graham Harold Hill	-	-	-
Daniel Patrick Reilly	1,000	-	1,000
Juana Alison Paynter	-	-	-
Robyn Louise Lord	-	-	-
Rodney James Black	-	-	-

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.

Toodyay & Districts Community Financial Services Limited

Directors' report

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Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 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



Michael Francis McGuinness
Chair

25 September 2024



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Toodyay & Districts Community Financial Services Limited

As lead auditor for the audit of Toodyay & Districts Community Financial Services Limited for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the 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', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2024

A handwritten signature in black ink, appearing to read 'Adrian Downing', is positioned above the printed name.

Adrian Downing
Lead Auditor

Toodyay & Districts Community 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	1,360,194	1,485,396
Other revenue	8	69,478	87,967
Finance revenue		13,575	5,701
Total revenue		<u>1,443,247</u>	<u>1,579,064</u>
Employee benefits expense	9	(796,314)	(545,907)
Advertising and marketing costs		(16,404)	(6,817)
Occupancy and associated costs		(29,666)	(28,882)
System costs		(48,777)	(48,059)
Depreciation and amortisation expense	9	(60,665)	(62,451)
Finance costs	9	(13,951)	(15,741)
General administration expenses		(148,753)	(125,636)
Total expenses before community contributions and income tax		<u>(1,114,530)</u>	<u>(833,493)</u>
Profit before community contributions and income tax expense		328,717	745,571
Charitable donations and sponsorships expense	9	(172,858)	(510,699)
Profit before income tax expense		155,859	234,872
Income tax expense	10	(35,775)	(58,718)
Profit after income tax expense for the year		120,084	176,154
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>120,084</u>	<u>176,154</u>
		Cents	Cents
Basic earnings per share	27	35.08	51.45
Diluted earnings per share	27	35.08	51.45

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

Toodyay & Districts Community Financial Services Limited
Statement of financial position
As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	11	1,166,264	1,009,087
Trade and other receivables	12	127,228	139,490
Total current assets		<u>1,293,492</u>	<u>1,148,577</u>
Non-current assets			
Property, plant and equipment	13	54,906	73,013
Right-of-use assets	14	234,864	256,560
Intangible assets	15	15,246	22,869
Deferred tax assets	10	19,216	18,561
Total non-current assets		<u>324,232</u>	<u>371,003</u>
Total assets		<u>1,617,724</u>	<u>1,519,580</u>
Liabilities			
Current liabilities			
Trade and other payables	16	113,089	24,757
Lease liabilities	17	47,074	33,507
Current tax liabilities	10	17,828	28,029
Employee benefits	18	33,591	45,428
Total current liabilities		<u>211,582</u>	<u>131,721</u>
Non-current liabilities			
Lease liabilities	17	227,504	263,061
Employee benefits	18	1,679	437
Provisions		17,349	16,363
Total non-current liabilities		<u>246,532</u>	<u>279,861</u>
Total liabilities		<u>458,114</u>	<u>411,582</u>
Net assets		<u>1,159,610</u>	<u>1,107,998</u>
Equity			
Issued capital	19	342,359	342,359
Retained earnings		817,251	765,639
Total equity		<u>1,159,610</u>	<u>1,107,998</u>

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

Toodyay & Districts Community 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		342,359	623,721	966,080
Profit after income tax expense		-	176,154	176,154
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	176,154	176,154
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(34,236)	(34,236)
Balance at 30 June 2023		<u>342,359</u>	<u>765,639</u>	<u>1,107,998</u>
Balance at 1 July 2023		342,359	765,639	1,107,998
Profit after income tax expense		-	120,084	120,084
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	120,084	120,084
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(68,472)	(68,472)
Balance at 30 June 2024		<u>342,359</u>	<u>817,251</u>	<u>1,159,610</u>

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

Toodyay & Districts Community 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)		1,581,649	1,688,108
Payments to suppliers and employees (inclusive of GST)		(1,267,829)	(1,527,542)
Interest received		13,575	5,701
Income taxes paid		<u>(38,179)</u>	<u>(17,090)</u>
Net cash provided by operating activities	26	<u>289,216</u>	<u>149,177</u>
Cash flows from investing activities			
Payments for property, plant and equipment	13	(1,320)	(64,215)
Payments for intangible assets		<u>(13,508)</u>	<u>(13,508)</u>
Net cash used in investing activities		<u>(14,828)</u>	<u>(77,723)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(13,156)	(14,977)
Dividends paid	21	(68,472)	(34,236)
Repayment of lease liabilities	17	<u>(35,583)</u>	<u>(32,314)</u>
Net cash used in financing activities		<u>(117,211)</u>	<u>(81,527)</u>
Net increase/(decrease) in cash and cash equivalents		157,177	(10,073)
Cash and cash equivalents at the beginning of the financial year		<u>1,009,087</u>	<u>1,019,160</u>
Cash and cash equivalents at the end of the financial year	11	<u><u>1,166,264</u></u>	<u><u>1,009,087</u></u>

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

Toodyay & Districts Community Financial Services Limited

Notes to the financial statements

30 June 2024

Note 1. Reporting entity

The financial statements cover Toodyay & Districts Community 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 108 Stirling Terrace, Toodyay WA 6566.

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.

Current and non-current classification

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

Toodyay & Districts Community Financial Services Limited

Notes to the financial statements

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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.

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.

Toodyay & Districts Community Financial Services Limited
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Note 4. Critical accounting judgements, estimates and assumptions (continued)

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.

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.

Note 5. Economic dependency

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

Toodyay & Districts Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 5. Economic dependency (continued)

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

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 \$152,095.

Note 7. Revenue from contracts with customers

	2024	2023
	\$	\$
Margin income	1,230,911	1,355,632
Fee income	66,066	67,378
Commission income	63,217	62,386
	<u>1,360,194</u>	<u>1,485,396</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, as follows:

Toodyay & Districts Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 7. Revenue from contracts with customers (continued)

<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.

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.

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Note 8. Other revenue

	2024	2023
	\$	\$
Market development fund	-	27,500
Department of Transport	69,478	60,467
	<u>69,478</u>	<u>87,967</u>

Accounting policy for market development fund

In previous years Bendigo Bank made market development fund (MDF) payments to the company, which has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF. The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. Bendigo Bank ceased the MDF during the previous year and therefore the company did not receive any contributions during the current financial year.

Note 9. Expenses

Employee benefits expense

	2024	2023
	\$	\$
Wages and salaries	623,250	440,788
Superannuation contributions	75,997	48,016
Expenses related to long service leave	-	2,363
Other expenses	97,067	54,740
	<u>796,314</u>	<u>545,907</u>

Depreciation and amortisation expense

	2024	2023
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	7,127	6,813
Plant and equipment	1,848	1,705
Motor vehicles	8,708	5,646
Computer hardware	1,744	1,891
	<u>19,427</u>	<u>16,055</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	33,615	33,328
<i>Amortisation of intangible assets</i>		
Franchise fee	1,270	2,178
Franchise renewal fee	6,353	10,890
	<u>7,623</u>	<u>13,068</u>
	<u>60,665</u>	<u>62,451</u>

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Note 9. Expenses (continued)

Charitable donations, sponsorships and grants

	2024	2023
	\$	\$
Direct donation, sponsorship and grant payments	72,858	89,646
Contribution to the Community Enterprise Foundation™	100,000	421,053
	<u>172,858</u>	<u>510,699</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 10. Income tax

	2024	2023
	\$	\$
<i>Income tax expense</i>		
Current tax	39,621	47,186
Movement in deferred tax	(656)	11,532
Under/over adjustment	(3,190)	-
	<u>35,775</u>	<u>58,718</u>
<i>Aggregate income tax expense</i>		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	155,859	234,872
Tax at the statutory tax rate of 25%	38,965	58,718
Under/over adjustment	(3,190)	-
	<u>35,775</u>	<u>58,718</u>
	2024	2023
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(4,197)	(8,015)
Employee benefits	9,148	11,758
Provision for lease make good	4,337	4,091
Accrued expenses	-	725
Lease liabilities	68,644	74,142
Right-of-use assets	(58,716)	(64,140)
	<u>19,216</u>	<u>18,561</u>
Deferred tax asset		

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Note 10. Income tax (continued)

	2024	2023
	\$	\$
Provision for income tax	<u>17,828</u>	<u>28,029</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.

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 11. Cash and cash equivalents

	2024	2023
	\$	\$
Cash at bank and on hand	<u>1,166,264</u>	<u>1,009,087</u>

Note 12. Trade and other receivables

	2024	2023
	\$	\$
Trade receivables	116,347	125,357
Prepayments	<u>10,881</u>	<u>14,133</u>
	<u>127,228</u>	<u>139,490</u>

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

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Note 13. Property, plant and equipment

	2024	2023
	\$	\$
Leasehold improvements - at cost	298,646	298,646
Less: Accumulated depreciation	<u>(277,067)</u>	<u>(269,940)</u>
	<u>21,579</u>	<u>28,706</u>
Plant and equipment - at cost	98,116	95,834
Less: Accumulated depreciation	<u>(95,937)</u>	<u>(94,089)</u>
	<u>2,179</u>	<u>1,745</u>
Motor vehicles - at cost	43,538	43,538
Less: Accumulated depreciation	<u>(14,354)</u>	<u>(5,646)</u>
	<u>29,184</u>	<u>37,892</u>
Computer equipment - at cost	14,149	16,431
Less: Accumulated depreciation	<u>(13,505)</u>	<u>(11,761)</u>
	<u>644</u>	<u>4,670</u>
Work in progress	<u>1,320</u>	<u>-</u>
	<u><u>54,906</u></u>	<u><u>73,013</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Work in progress \$	Computer hardware \$	Total \$
Balance at 1 July 2022	17,125	3,450	-	-	4,278	24,853
Additions	18,394	-	43,538	-	2,283	64,215
Depreciation	<u>(6,813)</u>	<u>(1,705)</u>	<u>(5,646)</u>	-	<u>(1,891)</u>	<u>(16,055)</u>
Balance at 30 June 2023	28,706	1,745	37,892	-	4,670	73,013
Additions	-	-	-	1,320	-	1,320
Transfers in/(out)	-	2,282	-	-	(2,282)	-
Depreciation	<u>(7,127)</u>	<u>(1,848)</u>	<u>(8,708)</u>	-	<u>(1,744)</u>	<u>(19,427)</u>
Balance at 30 June 2024	<u><u>21,579</u></u>	<u><u>2,179</u></u>	<u><u>29,184</u></u>	<u><u>1,320</u></u>	<u><u>644</u></u>	<u><u>54,906</u></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 straight-line basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold Improvements	5 to 10 years
Plant and equipment	3 to 10 years
Computer hardware	2.5 to 5 years
Motor vehicle	5 years

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

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

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Note 13. Property, plant and equipment (continued)

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	403,680	391,761
Less: Accumulated depreciation	<u>(168,816)</u>	<u>(135,201)</u>
	<u><u>234,864</u></u>	<u><u>256,560</u></u>

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	286,350
Remeasurement adjustments	3,538
Depreciation expense	<u>(33,328)</u>
Balance at 30 June 2023	256,560
Remeasurement adjustments	11,919
Depreciation expense	<u>(33,615)</u>
Balance at 30 June 2024	<u><u>234,864</u></u>

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 17 for more information on lease arrangements.

Note 15. Intangible assets

	2024	2023
	\$	\$
Franchise fee	72,233	72,233
Less: Accumulated amortisation	<u>(69,692)</u>	<u>(68,422)</u>
	<u>2,541</u>	<u>3,811</u>
Franchise renewal fee	111,163	111,163
Less: Accumulated amortisation	<u>(98,458)</u>	<u>(92,105)</u>
	<u>12,705</u>	<u>19,058</u>
	<u><u>15,246</u></u>	<u><u>22,869</u></u>

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Note 15. 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	5,989	29,948	35,937
Amortisation expense	<u>(2,178)</u>	<u>(10,890)</u>	<u>(13,068)</u>
Balance at 30 June 2023	3,811	19,058	22,869
Amortisation expense	<u>(1,270)</u>	<u>(6,353)</u>	<u>(7,623)</u>
Balance at 30 June 2024	<u><u>2,541</u></u>	<u><u>12,705</u></u>	<u><u>15,246</u></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)	March 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2025

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

Note 16. Trade and other payables

	2024 \$	2023 \$
<i>Current liabilities</i>		
Trade payables	25,045	1,133
Other payables and accruals	<u>88,044</u>	<u>23,624</u>
	<u><u>113,089</u></u>	<u><u>24,757</u></u>
	2024 \$	2023 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	113,089	24,757
less other payables and accruals (net GST payable to the ATO)	<u>(26,002)</u>	<u>(650)</u>
	<u><u>87,087</u></u>	<u><u>24,107</u></u>

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Note 17. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	47,074	33,507
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	227,504	263,061
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	296,568	325,344
Remeasurement adjustments	13,593	3,538
Lease interest expense	13,156	14,977
Lease payments - total cash outflow	(48,739)	(47,291)
	<u>274,578</u>	<u>296,568</u>

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
Toodyay branch	4.79%	5 years	1 x 5 years	Yes	March 2035
Northam CSC	4.79%	2 years	1 x 2 years	Yes	March 2026

Note 18. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	31,341	34,174
Long service leave	2,250	11,254
	<u>33,591</u>	<u>45,428</u>
<i>Non-current liabilities</i>		
Long service leave	<u>1,679</u>	<u>437</u>

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Note 18. 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 19. Issued capital

	2024	2023	2024	2023
	Shares	Shares	\$	\$
Ordinary shares - fully paid	<u>342,359</u>	<u>342,359</u>	<u>342,359</u>	<u>342,359</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.

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*.

Toodyay & Districts Community Financial Services Limited

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Note 19. 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").

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

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

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

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

Note 20. Capital management

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

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

The distribution limit is the greater of:

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

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.

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Note 21. Dividends

Dividends provided for and paid during the period

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 20 cents per share (2023: 10 cents)	<u>68,472</u>	<u>34,236</u>

Franking credits

	2024	2023
	\$	\$
Franking account balance at the beginning of the financial year	368,281	361,352
Franking credits (debits) arising from income taxes paid (refunded)	38,180	18,341
Franking debits from the payment of franked distributions	<u>(22,824)</u>	<u>(11,412)</u>
annual income tax return	<u>383,637</u>	<u>368,281</u>

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

Balance at the end of the financial year	383,637	368,281
Franking credits (debits) that will arise from payment (refund) of income tax	<u>29,486</u>	<u>31,235</u>
Franking credits available for future reporting periods	<u>413,123</u>	<u>399,516</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%.

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Note 22. Financial risk management

Financial risk management objectives

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 A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

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

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Note 22. Financial risk management (continued)

	2024	2023
	\$	\$
Financial assets at amortised cost		
Trade and other receivables (note 12)	116,347	125,357
Cash and cash equivalents (note 11)	<u>1,166,264</u>	<u>1,009,087</u>
	<u>1,282,611</u>	<u>1,134,444</u>
Financial liabilities at amortised cost		
Trade and other payables (note 16)	87,087	24,107
Lease liabilities (note 17)	<u>274,578</u>	<u>296,568</u>
	<u>361,665</u>	<u>320,675</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.

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 \$1,166,264 at 30 June 2024 (2023: \$1,009,087).

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.

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Note 22. Financial risk management (continued)

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	87,087	-	-	87,087
Lease liabilities	48,094	129,585	163,052	340,731
Total non-derivatives	<u>135,181</u>	<u>129,585</u>	<u>163,052</u>	<u>427,818</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	24,107	-	-	24,107
Lease liabilities	46,983	144,462	184,420	375,865
Total non-derivatives	<u>71,090</u>	<u>144,462</u>	<u>184,420</u>	<u>399,972</u>

Note 23. Key management personnel disclosures

Key management personnel at Toodyay & District Community Financial Services Limited includes:

- Directors
- Business manager

Compensation

Key management personnel compensation comprised the following.

	2024 \$	2023 \$
Short-term employee benefits	230,547	167,983
Post-employment benefits	<u>25,360</u>	<u>17,068</u>
	<u><u>255,907</u></u>	<u><u>185,051</u></u>

Compensation of the company's key management personnel includes salaries and superannuation.

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

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.

Toodyay & Districts Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 24. Related party transactions (continued)

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
Ian Tate's company UptoDateBooks Pty Ltd provides bookkeeping services to the company. The total benefit for the year was:	12,222	11,056
The company made donations to Toodyay District High School. A director is a School Council member.	48,500	-
The company made a donation to Northam Town Team. A director is a related party.	13,000	-

Note 25. 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	7,650	6,400
Taxation advice and tax compliance services	1,339	1,933
General advisory services	4,546	4,410
Share registry services	6,105	4,360
	<u>11,990</u>	<u>10,703</u>
	<u>19,640</u>	<u>17,103</u>

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	120,084	176,154
Adjustments for:		
Depreciation and amortisation	60,655	62,451
Lease liabilities interest	13,156	14,977
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	12,262	(50,167)
Decrease in income tax refund due	-	30,097
Decrease/(increase) in deferred tax assets	(655)	11,531
Increase/(decrease) in trade and other payables	95,263	(100,224)
Decrease in provision for income tax	(1,749)	-
Increase/(decrease) in employee benefits	(10,595)	3,594
Increase in other provisions	795	764
Net cash provided by operating activities	<u>289,216</u>	<u>149,177</u>

Toodyay & Districts Community Financial Services Limited
Notes to the financial statements
30 June 2024

Note 27. Earnings per share

	2024	2023
	\$	\$
Profit after income tax	<u>120,084</u>	<u>176,154</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>342,359</u>	<u>342,359</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>342,359</u>	<u>342,359</u>
	Cents	Cents
Basic earnings per share	35.08	51.45
Diluted earnings per share	35.08	51.45

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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.


Toodyay & Districts Community Financial Services Limited
Directors' declaration
30 June 2024

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors



Michael Francis McGuinness
Chair

25 September 2024



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

Independent auditor's report to the Directors of Toodyay & Districts Community Financial Services Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Toodyay & Districts Community 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 Toodyay & Districts Community 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 Frewin Stewart', is positioned above the name and contact information.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2024

A handwritten signature in black ink, appearing to read 'Adrian Downing', is positioned above the name and title.

Adrian Downing
Lead Auditor