

Annual Report 2024

Tugun & District
Finances Limited

Community Bank
Tugun

ABN 57 102 056 306



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Chairman's report

For year ending 30 June 2024



During the past financial year FY24, we once again made significant contributions to the community of approximately \$200,000 via our Community Investment Program for projects, grants, events and sponsorships across 30+ community groups and organisations.

Dear Friends of Tugun & District Finances Limited (TDFL),

It seems like only a few months ago that we celebrated our 20th anniversary, yet here I sit in Spring 2024 reflecting on our 21st anniversary and the year that was. I truly believe father time has turbo charged the clock as the days, weeks, months and years pass at such a rapid pace these days.

Operational Matters

The financial year of 2023-2024 continued to be dominated by the national cost of living pressures and an economy that is increasingly hard to predict. Inflation, housing shortages and record house prices are an ever-present challenge for many sectors of the economy but a positive element of these circumstances seem to be a very buoyant business sector. In many of my interactions with local business people and organisations, everyone seems to be busy doing business so I hope this is translating into growth, employment opportunities and success in our local economy and the community.

The mantra of Community Bank Tugun has always been to feed into the prosperity of the community – and not off it, and a strong local economy is a great place for all of us to do business and support the community.

I will leave our Branch Manager Allan Merlehan to report on the branch and staff operations as there is much to share with you about that, but before I go on, I must acknowledge the wonderful and dedicated work of Allan and the team, week in and week out, to service our loyal customers and support the community to a very high standard – always. The branch team have been multiple “Branch of the Year” winners in our region in recent years and for good reason. We are very proud of and greatly appreciate our wonderful staff who continually rise to the challenges when they occur and are the engine room of our business.

Another Year of Strong Financial Results

The previous financial year of FY23 was a record year across the board in profit, community funding support, shareholder returns and Community Enterprise Foundation (CEF) contributions, which we were duly proud to deliver to our stakeholders last year.

During the past financial year FY24, we once again made significant contributions to the community of approximately \$200,000 via our Community Investment Program for projects, grants, events and sponsorships across 30+ community groups and organisations. The board of directors also agreed to place a further deposit in the CEF which now has a pool of funds totalling more than \$847,000 to strengthen our position for the needs of the community into the future.

The company posted a net profit after tax of \$158,240 after the above community investments, which also takes into consideration a substantial investment of more than \$300,000 in significant renovations of the branch. These renovations were long overdue and have made a remarkable difference to the look and feel of the branch.

Chairman's report (continued)

These improvements have created a more comfortable and engaging space for our customers as well as a more modern and efficient working environment for the branch team. Notably these renovations were largely completed by local builders, tradespeople and suppliers, reinforcing Community Bank Tugun's support of our local economy.

The board is proud to announce a shareholder dividend of 7 cents fully franked and a bonus divided of 7 cents will again be paid this year. The bonus dividend is again made possible to our shareholders due to the ongoing sound financial management of the board and the support of our loyal customers.

Community Funding and Impact

At TDFL community has always been at the heart of what we do. As mentioned, we reaffirmed our community funding support of local projects, organisations, and initiatives that make a difference in the lives of our locals and neighbours.

This year we held an Extraordinary General Meeting to present two special resolutions to our shareholders, with both proposals fully approved by an overwhelming majority of voting shareholders:

- 1. Obtain Social Enterprise Accreditation** – This accreditation places a spotlight on our Community Bank on a national level as a vital contributor to the social fabric of the community. To hold Social Enterprise accreditation acknowledges that our business financially supports our local community through our unique profit-sharing model. Being recognised as a social enterprise is becoming an even greater point of difference, at a time when businesses across the country are being challenged by consumers and society generally, to deliver purpose beyond profit. This accreditation also builds greater business, consumer, and stakeholder confidence and we have joined a growing list of more than 25 Community Bank's already registered and a national community of 470 other certified social enterprises.
- 2. Director Remuneration** – The shareholders approved a modest remuneration amount to directors based on a 12-month qualifying period, minimum levels of board and committee meeting attendance and a minimum level of community engagement activities attended. The remuneration levels will be reviewed annually and are only paid after consideration of operating expenses, shareholder dividends and community contributions. It is hoped that this modest remuneration will aid in retaining and attracting directors to the board to meet an ever-increasing load of regulatory and fiduciary duties and responsibilities for public company directors.

Gratitude and Looking Ahead

I would like to thank my fellow directors for their tireless service and efforts over the past year. Their contributions and counsel within our company has been invaluable. I'd like to thank Cameron Window for his support of me as Deputy Chair, Norbert Benton for his strong oversight of our risk processes, Sean Powell for providing his legal expertise, Ben Crompton for his financial guidance as our Treasurer, Georgi Tomlinson for guiding our extensive Community Engagement program as Chair of the committee and our longest serving director – Bob Marshall for lending his extensive business acumen and measured approach as Company Secretary and Chairmanship of the Finance-Risk-Audit committee.

I would also like to acknowledge the wonderful contribution that Maris Dirkx makes to our company as our Executive Assistant, for her thoroughness and diligence in overseeing so many facets of our business for 19 of our 21 years.

I will sign off by saying that our board and staff are committed to continuing the work we do to all our stakeholders and are both proud of what we have achieved for you and with you this past year, as well as excited for what this new financial year has in store for our community.

Yours sincerely,



Peter Dirkx
Chairman, Tugun & District Finances Limited

Manager's report

For year ending 30 June 2024



We look forward to another successful year ahead and the staff at 'Team Tugun' encourage our shareholders and customers to continue to tell their family and friends about us and what being a customer of our branch can do for this wonderful community.

The financial year ending 2024 was a challenge for all businesses and families, both locally and nationally as stubborn inflation, high interest rates and cost of living pressures affect spending decisions of families and businesses.

The local property market locally has been stable, with limited supply and cash buyers enabling prices to slightly rise over the year, although high interest rates have impacted the borrowing capacity of potential borrowers.

Whilst there have been many challenges, there has been much to be excited and proud of and here are a few highlights:

- Gross Profit exceeded \$1.9 million, which was \$60,000 over Budget
- Profit before community contributions and income tax expense \$816,157 against a budget of \$729,000, an increase of \$87,157.
- Net Profit of \$158,240 after Tax, Sponsorships, Marketing & Donations
- 267 New to Bank Customers, with net Growth 95 taking our Total Customers to 4,635
- Sponsorships of approximately \$200,000 and an investment of \$400,000 net to the Community Enterprise Foundation account to secure the Community Investment Program for future sponsorships, grants and scholarships.
- Total Business increased by \$1.5 million, against a budget of \$6 million which is below target. This is attributed to limited lending growth opportunities affected by high interest rates.
- Lending Approvals of \$19 million is in line with the previous financial year.

Community Bank Tugun provided sponsorships and donations of over \$245,000 in the last 12 months to the following worthwhile local community groups;

Agape Outreach Inc	Palm Beach Surf Life Saving Club
Alley Board Riders	PBC Cricket Club
Coolamon Chorale	PBC Junior AFL
Hubble GC	PBC Alliance
Currumbin Happy Group	PBC State High School P&C
Currumbin Valley State School	Serving Our People Inc
Currumbin Vikings Surf Life Saving Club	Shout Out Festival
Currumbin Wildlife Hospital	Southern Beaches Community Garden
Elanora State High School P&C	Surf World

Manager's report (continued)

Fight 4 Youth	SWELL Sculpture Festival
Flotsam Arts Inc	The Sanctuary Refuge
Gecko Environment Council	Tugun Bowls Club
Healed Tribe	Tugun Progress Association
Life Education Queensland	Tugun Seahawks JRLFC
Northern Rivers Symphony Orchestra	Tugun Surf Life Savings Club

I would like to take the opportunity to thank the Board of Directors, the Community Engagement committee, the Finance/Risk/Audit committee for their ongoing support as volunteers, and their families, which has enabled our business to continue to grow and be successful in our local community.

I would like to thank Maris Dirx, Executive Assistant to the Board, who has worked tirelessly for the Board and our branch to coordinate our Board Meetings and drive our Community & Engagement committee and the respective marketing and sponsorship events.

Over the last 12 months we have seen some staff changes including the retirement of Debbie Hinton after four years of service with Community Bank Tugun. We wish Debbie and her husband Laurie all the best in the next chapter of their lives. Taylah Woodward has left our shores and moved to Canada after three years of service. We wish Taylah all the best in her new adventure.

I would like to thank the staff at Tugun for their efforts throughout the year in what was another challenging year for all. The staff also contributed their personal time as volunteers in our community engagement activities throughout the year, which has helped the success of our Community Investment program.

We look forward to another successful year ahead and the staff at 'Team Tugun' encourage our shareholders and customers to continue to tell their family and friends about us and what being a customer of our branch can do for this wonderful community.



Allan Merlehan
Branch Manager

Community engagement report

For year ending 30 June 2024



It is with great pleasure I present the Community Engagement Committee Report for the 2023/24 financial year.

The Community Engagement Committee (CEC) is responsible for identifying and pursuing opportunities to enhance brand awareness and drive customer acquisition through a variety of activities. These include partnerships with local community organizations, events that support local businesses and the community, and brand exposure across various media platforms. The Board of Directors allocates an annual budget to the CEC for initiatives that are deemed valuable to the business, support our wider community, and help elevate the profile of our branch.

The CEC consists of director and staff representation as well as volunteer committee members who are active members of our community.

Our unique Community Bank Model enables us to redirect up to 80% of the profits generated from our customers' banking business back into the community. The more customers our branch acquires, the more we can give back to support local initiatives. Through a variety of activations, we strive to help the branch secure a strong market share of the banking business, ultimately benefiting our community even more.

Community Partnerships

The Board recognises that community organisations are the tapestry of our community and they provide valuable opportunities for locals to participate in a range of initiatives from sport and recreational activities, arts and culture experiences, environmental and animal welfare services as well as the unique and fantastic events that you can only find on the southern end of the Gold Coast.

Our Community Investment Program offers local organizations, clubs, and schools the opportunity to apply for funding to support projects and initiatives that benefit the wider community. In this financial year, we proudly supported 30+ groups, contributing over \$245,000 to a diverse range of purposes. These included educational programs, equipment, musical performances, community events, environmental initiatives, youth support, senior events, animal welfare, health and wellbeing, programs for the disadvantaged, and more.

Through our partnerships, we witness firsthand the invaluable contributions of countless volunteers by attending community events, meeting with committees and organization members, and collaborating on various projects and



Trivia For A Cause Fundraiser - Leisa Logan (Fight 4 Youth)



Community Investment Program - Currumbin Vikings Surf Life Saving Club - All Terrain Vehicle

Community engagement report (continued)

initiatives. These partnerships not only allow us to support and engage with the community but also offer opportunities to promote our brand, raise awareness of the Community Bank Model, and facilitate customer acquisition for our branch.

As our community partnerships continue to grow, so does the demand on the time and commitment of our committee members. We are deeply grateful to our volunteers, who consistently go above and beyond by giving up their personal time to attend numerous community partner events and assist at our own functions to help foster a strong relationship with our partners, ultimately benefiting both Community Bank Tugun and the wider community we serve.

Our Events

It is through interactions with other key stakeholders and the business and community network that we can connect with the community on a more personal level.

Our quarterly GC South Business Network event is aimed to support local business and strengthen community ties to create a more vibrant local economy. It is all about connection and supporting local and we know that through these events, we have helped generate further business opportunities and collaboration in our community.

Our annual Southern Business Women Connect luncheon is the highlight of our calendar, and we are proud to offer southern businesswomen the chance to connect, meet new people, and gain inspiration from speakers who demonstrate how "It Takes a Village" to achieve incredible outcomes for our community.

This year, we also supported Baby Give Back with a collection drive of essential baby items for families facing hardship. Thanks to our generous supporters and guests, we raised over \$11,000 for Healed Tribe, a Burleigh-based organization dedicated to supporting the mental health and wellbeing of youth.

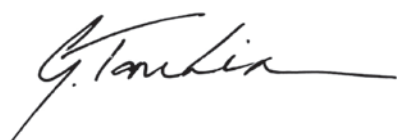
For the last 2 years we have also hosted our Fundraiser Trivia Night in support of a specific cause or initiative. This year, we hosted 200 people at Currumbin RSL to raise funds and awareness of the wonderful work of the team at Fight 4 Youth, a Currumbin based organisation which supports youth through various programs to foster empowerment, respect for self and others and strengthen relationships. Thanks to our supporters and donors we raised over \$15,000 to help Fight 4 Youth continue to offer their amazing programs.

Promotional & Marketing

Through our community partnerships, we have numerous opportunities to elevate the profile of our branch and brand through signage, logo placement, digital and print media, and more. Social media is a key focus due to its ease of use and cost-effectiveness in promoting our brand. We are continually working to attract a larger following, enabling us to directly market Bendigo Bank products and services while keeping our followers informed about our news, stories, and events. If you haven't already, please follow us on Facebook at Community Bank Tugun.

I would like to take the opportunity to thank the Board of Directors for their continued dedication to the committee and our initiatives as well as our staff and volunteer committee members for their involvement and support.

We look forward to another year of connecting our community.



Georgi Tomlinson
Director/Community Engagement Committee Chair



Southern Business Women Connect luncheon - L to R Kathy Conforti (Cornerstone Stores), Megan Stray (Healed Tribe), Ali Plath (Triple M Breakfast Radio Host), Carly Fradgley (Baby Give Back)

Community engagement report (continued)

Tugun & District Finances Limited Financial Year 2023/2024

Contribution Totals by Type	
Donation	\$ 1,000
Grant	\$ 137,004
Scholarship	\$ 7,000
Sponsorship	\$ 91,788
Total	\$ 236,792

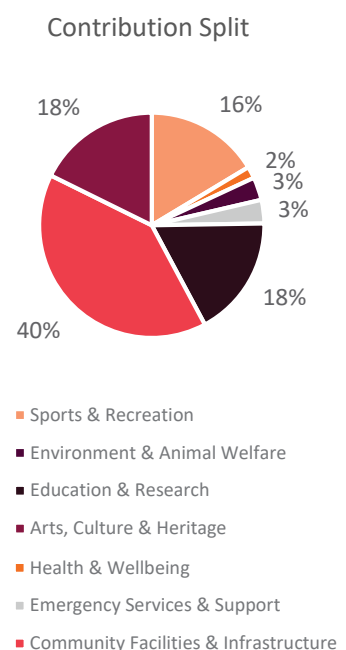
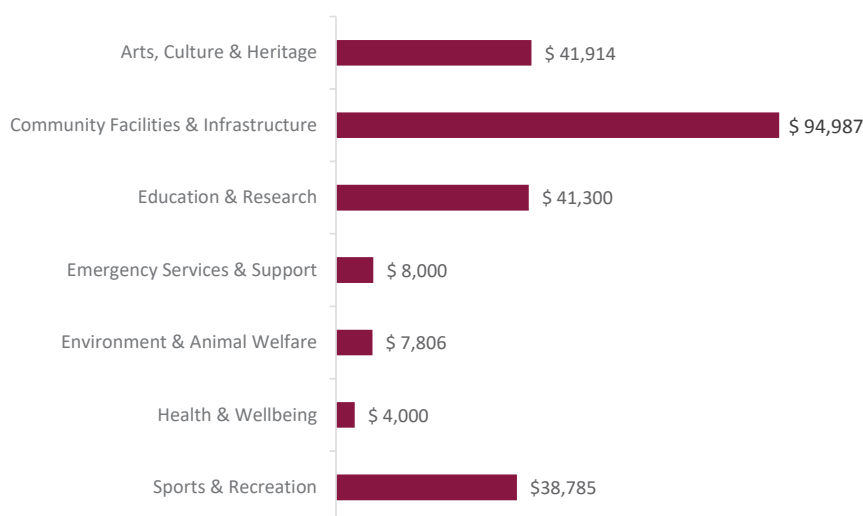
National Contribution	
FY24	\$40,457,751
Projects funded	8021
\$360 million reinvested back into local communities	

Contribution Totals by Sector	
Sports & Recreation	\$38,785
Health & Wellbeing	\$ 4,000
Environment & Animal Welfare	\$ 7,806
Emergency Services & Support	\$ 8,000
Education & Research	\$ 41,300
Community Facilities & Infrastructure	\$ 94,987
Arts, Culture & Heritage	\$ 41,914
Total	\$ 236,792



Palm Beach/Currumbin State High School - Sports Excellence Program Bus

Contribution Split by Sector



Bendigo and Adelaide Bank report

For year ending 30 June 2024

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

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

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

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

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

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

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

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

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

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

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

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

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

Justine Minne
Bendigo and Adelaide Bank

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:	Peter Anthony Dirx
Title:	Non-executive director
Experience and expertise:	Peter has 16 years in Senior Management positions with Bendigo & Adelaide Bank, with over 10 years in the Community Banking team. He has over 30 years in management roles within the Banking and Finance sector. He has extensive experience on community consultation and engagement and in community banking and not for profit governance and strategic planning. Peter has attended and facilitated numerous Australian Institute of Company Directors (AICD) and Governance Institute of Australia (GIA) workshops, forums and seminars. He has expertise in facilitating community forums, director education workshops and conferences. Currently working as Development Manager (Engagement) with the Office of Engagement at Bond University (Gold Coast). Tertiary and formal qualifications include Financial Analysis for Officers & Directors (Governance Institute of Australia), Not-for-Profit Financial Management & Regulatory Compliance (Governance Institute of Australia), Risk Management & Governance Essentials (Governance Institute of Australia), Duties of Officers and Directors (Governance Institute of Australia), Director Development Program (Australian Institute of Company Directors), Certificate IV Business, Advanced Leadership Management Program, Operational Risk Management, Certificate IV Frontline Management, Certificate III Small Business Management, Certificate IV Financials Services and Certificate in Credit Analysis.
Special responsibilities:	Chair, Co-Chair and Consultant to both the Finance Risk & Audit Committee and Community Engagement Committee
Name:	Benjamin John Crompton
Title:	Non-executive director
Experience and expertise:	Benjamin is an Accountant and Solicitor and owns a small combined practice in Tugun. Benjamin is a current board member of Koala Research Foundation Australia and a former board member of Connecting Southern Gold Coast.
Special responsibilities:	Treasurer
Name:	Cameron Kenneth Window
Title:	Non-executive director
Experience and expertise:	Bachelor of Business - QUT. Bachelor of Applied Science - QUT. Diploma of Financial Markets - AFMA. Occupations: Executive Manager - Fixed Income - MINT Partners (current). Associate Director - Fixed Income - FIIG Securities (2012 - 2016). Project Manager and Analyst - Flight Centre (2010 - 2012). Area Operations Leader - Flight Centre (2005 - 2010). Skills: Financial markets trading and analysis. Relationship/account management. Business operations and project management.
Special responsibilities:	Finance Risk & Audit Committee
Name:	Robert William Marshall
Title:	Non-executive director
Experience and expertise:	Retired solicitor.
Special responsibilities:	Secretary

Directors' report (continued)

Name: Norbert Anthony Benton
 Title: Non-executive director
 Experience and expertise: Over twenty years professional experience in environmental management and sustainability, including in his current role as Environment Manager - Studies and Engagement at Queensland Airports Limited. Through his professional career and having completed a Bachelor of Science at Central Queensland University has equipped Norbert with skills and knowledge in environmental management, sustainable development, governance and risk management practices along with forming good working relationships with an array of stakeholders including industry, government agencies and community groups.
 Special responsibilities: Finance Risk & Audit Committee

Name: Sean David Powell
 Title: Non-executive director
 Experience and expertise: Sean is a Partner at Robbins Watson Solicitors, Burleigh Waters. Previously working as Solicitor - Property & commercial; wills and estates; family law; litigation. He holds a Bachelor of Laws (Hons) Queensland University of Technology, Bachelor Business (Marketing) Queensland University of Technology, Graduate Diploma (Legal Practice) Australian National University, Queensland Legal Practising Certificate. Admitted to Supreme Court of Queensland and High Court of Australia as a Lawyer. Principal Practising Certificate - Queensland Law Society. Memberships include Gold Coast District Law Association, Queensland Law Society, New South Wales Law Society, Society of Trust and Estate Practitioners (STEP).
 Special responsibilities: Nil

Name: Georgina Louise Tomlinson
 Title: Non-executive director
 Experience and expertise: Georgina has a Bachelor of Commerce - Australian National University. She has a background in Marketing & Events and Apprenticeship & Traineeship Support. Georgina has worked in the Department of Education and currently at the Department of Regional Development, Manufacturing & Water.
 Special responsibilities: Chair of the Community Engagement Committee

Company secretary

The company secretary is Robert William Marshall. Robert was appointed to the position of company secretary on 23 January 2008.

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 \$158,240 (30 June 2023: \$323,591).

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 7 cents per share (2023: 7 cents)	42,000	42,000
Bonus fully franked dividend of 7 cents per share (2023: nil cents)	42,000	-
	<u>84,000</u>	<u>42,000</u>

Directors' report (continued)

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

The Board's strategy includes pursuing business growth, and to this end is exploring opportunities with other community bank businesses. Further disclosure is omitted from the financial statements, as this may result in unreasonable prejudice to the company.

No other 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		Finance Risk & Audit Committee		Community Engagement Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Peter Anthony Dirx	11	11	-	-	-	-
Benjamin John Crompton	11	9	11	7	-	-
Cameron Kenneth Window	11	9	-	-	-	-
Robert William Marshall	11	9	11	10	-	-
Norbert Anthony Benton	11	10	11	3	-	-
Sean David Powell	11	5	11	3	-	-
Georgina Louise Tomlinson	11	10	-	-	9	5

Directors' benefits

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

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
Peter Anthony Dirx	1,000	-	1,000
Benjamin John Crompton	-	-	-
Cameron Kenneth Window	10,500	7,150	17,650
Robert William Marshall	5,500	27,500	33,000
Norbert Anthony Benton	-	1,000	1,000
Sean David Powell	-	-	-
Georgina Louise Tomlinson	-	-	-

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 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 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 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



Peter Anthony Dirx
Chair

1 October 2024

Auditor's independence declaration



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Tugun & District Finances Limited

As lead auditor for the audit of Tugun & District Finances 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: 1 October 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

Financial statements

Tugun & District Finances 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	1,897,340	2,049,544
Other revenue		3,309	3,309
Finance revenue		41,533	18,348
Fair value gains on financial assets		-	56
Total revenue		<u>1,942,182</u>	<u>2,071,257</u>
Employee benefits expense	8	(682,993)	(577,218)
Advertising and marketing costs		(35,988)	(28,016)
Occupancy and associated costs		(38,153)	(22,396)
System costs		(29,118)	(17,681)
Depreciation and amortisation expense	8	(131,515)	(127,995)
Finance costs		(44,323)	(18,261)
General administration expenses		(163,076)	(138,247)
Fair value losses on financial assets		(859)	-
Total expenses before community contributions and income tax expense		<u>(1,126,025)</u>	<u>(929,814)</u>
Profit before community contributions and income tax expense		816,157	1,141,443
Charitable donations, sponsorships and grants expense	8	<u>(595,466)</u>	<u>(698,878)</u>
Profit before income tax expense		220,691	442,565
Income tax expense	9	<u>(62,451)</u>	<u>(118,974)</u>
Profit after income tax expense for the year		158,240	323,591
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>158,240</u>	<u>323,591</u>
		Cents	Cents
Basic earnings per share	25	26.37	53.93
Diluted earnings per share	25	26.37	53.93

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

Financial statements (continued)

Tugun & District Finances Limited Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	10	624,647	608,599
Trade and other receivables	11	152,883	174,129
Financial assets		-	55,859
Investments		-	51,289
Current tax assets	9	41,631	-
Total current assets		<u>819,161</u>	<u>889,876</u>
Non-current assets			
Property, plant and equipment	12	185,708	67,533
Right-of-use assets	13	590,740	280,848
Intangible assets	14	275,947	320,988
Deferred tax assets	9	-	1,299
Total non-current assets		<u>1,052,395</u>	<u>670,668</u>
Total assets		<u>1,871,556</u>	<u>1,560,544</u>
Liabilities			
Current liabilities			
Trade and other payables	15	30,639	23,144
Lease liabilities	16	85,716	60,286
Current tax liabilities	9	-	95,660
Total current liabilities		<u>116,355</u>	<u>179,090</u>
Non-current liabilities			
Trade and other payables	15	29,179	43,768
Lease liabilities	16	578,097	261,036
Deferred tax liabilities	9	5,682	-
Provisions		15,453	24,100
Total non-current liabilities		<u>628,411</u>	<u>328,904</u>
Total liabilities		<u>744,766</u>	<u>507,994</u>
Net assets		<u>1,126,790</u>	<u>1,052,550</u>
Equity			
Issued capital	17	600,000	600,000
Retained earnings		<u>526,790</u>	<u>452,550</u>
Total equity		<u>1,126,790</u>	<u>1,052,550</u>

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

Financial statements (continued)

Tugun & District Finances 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		600,000	170,959	770,959
Profit after income tax expense		-	323,591	323,591
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	323,591	323,591
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(42,000)	(42,000)
Balance at 30 June 2023		<u>600,000</u>	<u>452,550</u>	<u>1,052,550</u>
Balance at 1 July 2023		600,000	452,550	1,052,550
Profit after income tax expense		-	158,240	158,240
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	158,240	158,240
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(84,000)	(84,000)
Balance at 30 June 2024		<u>600,000</u>	<u>526,790</u>	<u>1,126,790</u>

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

Financial statements (continued)

Tugun & District Finances Limited Statement of cash flows For the year ended 30 June 2024

	Note	2024 \$	2023 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,120,369	2,196,527
Payments to suppliers and employees (inclusive of GST)		(1,685,548)	(1,706,795)
Interest received		35,523	18,147
Income taxes paid		(192,761)	(40,166)
Net cash provided by operating activities	24	<u>277,583</u>	<u>467,713</u>
Cash flows from investing activities			
Redemption of/(investment in) term deposits		-	(51,289)
Payments for property, plant and equipment		(140,413)	(1,321)
Payments for intangible assets		(13,263)	(13,263)
Proceeds from sale of investments		51,289	-
Net cash used in investing activities		<u>(102,387)</u>	<u>(65,873)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(43,227)	(17,136)
Dividends paid	19	(84,000)	(42,000)
Repayment of lease liabilities		(31,921)	(51,629)
Net cash used in financing activities		<u>(159,148)</u>	<u>(110,765)</u>
Net increase in cash and cash equivalents		16,048	291,075
Cash and cash equivalents at the beginning of the financial year		<u>608,599</u>	<u>317,524</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>624,647</u></u>	<u><u>608,599</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 Tugun & District Finances Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

Occulus Accounting Pty Ltd, 39 Wharf Street, Tweed Heads South NSW

Principal place of business

Shop 1 to 3, 482 Golden Four Drive, Tugun QLD.

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 1 October 2024. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

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

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

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

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

Accounting standards issued but not yet effective

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

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

Current and non-current classification

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

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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.

Notes to the financial statements (continued)

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

Allowance for expected credit losses on trade and other receivables

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.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

Lease term

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

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

Notes to the financial statements (continued)

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

Estimates and assumptions

Estimation of useful lives of assets

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.

Incremental borrowing rate

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

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in February 2028.

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.

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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

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

Note 6. Change to comparative figures

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 *Statement of Cash Flows* and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating 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 \$51,289 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

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

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 *Leases* on 1 July 2019, the company 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 \$4,254.

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	1,694,586	1,865,328
Fee income	74,805	74,936
Commission income	127,949	109,280
	<u>1,897,340</u>	<u>2,049,544</u>

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers

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

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

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

<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. It may also be affected by other factors, such as economic and local conditions, for example, interest rates.

Margin income

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

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

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

Commission income

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

Fee income

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

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.

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

Ability to change financial return

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

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

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

Note 8. Expenses

Employee benefits expense

	2024 \$	2023 \$
Wages and salaries	547,252	541,396
Superannuation contributions	61,241	4,647
Expenses related to long service leave	3,618	(21,889)
Other expenses	70,882	53,064
	<u>682,993</u>	<u>577,218</u>

Accounting policy for seconded employee benefits

The company seconded employees from Bendigo and Adelaide Bank Limited. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo and Adelaide Bank Limited by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	12,218	8,865
Plant and equipment	3,859	4,915
Motor vehicles	6,161	6,166
	<u>22,238</u>	<u>19,946</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	64,236	63,008
<i>Amortisation of intangible assets</i>		
Franchise fee	2,204	2,202
Franchise renewal fee	11,019	11,021
Rights to revenue share	31,818	31,818
	<u>45,041</u>	<u>45,041</u>
	<u>131,515</u>	<u>127,995</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2024 \$	2023 \$
Direct donation, sponsorship and grant payments	174,413	51,510
Contribution to the Community Enterprise Foundation™	421,053	647,368
	<u>595,466</u>	<u>698,878</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	57,317	125,652
Movement in deferred tax	6,981	(5,980)
Under/over adjustment	(1,245)	-
Net benefit of franking credits on distributions received	(602)	(698)
Aggregate income tax expense	<u>62,451</u>	<u>118,974</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	220,691	442,565
Tax at the statutory tax rate of 25%	55,173	110,641
Tax effect of:		
Non-deductible expenses	8,974	8,856
Other assessable income	151	175
Net benefit of franking credits on distributions received	(602)	(698)
Under/over adjustment	63,696	118,974
	<u>(1,245)</u>	<u>-</u>
Income tax expense	<u>62,451</u>	<u>118,974</u>

Notes to the financial statements (continued)

Note 9. Income tax (continued)

	2024 \$	2023 \$
<i>Deferred tax attributable to:</i>		
Provision for lease make good	3,863	6,025
Lease liabilities	165,953	80,330
Property, plant and equipment	(26,362)	(14,680)
Investment market value unrealised gain	-	(215)
Income accruals	(1,552)	(50)
Right-of-use assets	(147,685)	(70,212)
Tax losses	101	101
	<u>(5,682)</u>	<u>1,299</u>
	2024 \$	2023 \$
Income tax refund due	<u>41,631</u>	<u>-</u>
	2024 \$	2023 \$
Provision for income tax	<u>-</u>	<u>95,660</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 10. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	101,420	153,885
Sandhurst Select 90 Fund	523,227	454,714
	<u>624,647</u>	<u>608,599</u>

Notes to the financial statements (continued)

Note 11. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	99,573	125,916
GST receivable	33,812	39,647
Accrued income	6,211	201
Prepayments	13,287	8,365
	<u>53,310</u>	<u>48,213</u>
	<u>152,883</u>	<u>174,129</u>
	2024 \$	2023 \$
<i>Financial assets at amortised cost classified as trade and other receivables</i>		
Total trade and other receivables	152,883	174,129
Less net GST receivable from the ATO	(33,812)	(39,647)
Less prepayments	(13,287)	(8,365)
	<u>105,784</u>	<u>126,117</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.

Note 12. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	320,286	179,873
Less: Accumulated depreciation	(161,613)	(149,395)
	<u>158,673</u>	<u>30,478</u>
Plant and equipment - at cost	160,341	160,340
Less: Accumulated depreciation	(138,845)	(134,985)
	<u>21,496</u>	<u>25,355</u>
Motor vehicles - at cost	30,817	30,817
Less: Accumulated depreciation	(25,278)	(19,117)
	<u>5,539</u>	<u>11,700</u>
	<u>185,708</u>	<u>67,533</u>

Notes to the financial statements (continued)

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2022	39,343	28,949	17,866	86,158
Additions	-	1,321	-	1,321
Depreciation	(8,865)	(4,915)	(6,166)	(19,946)
Balance at 30 June 2023	30,478	25,355	11,700	67,533
Additions	140,413	-	-	140,413
Depreciation	(12,218)	(3,859)	(6,161)	(22,238)
Balance at 30 June 2024	<u>158,673</u>	<u>21,496</u>	<u>5,539</u>	<u>185,708</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 20 years
Plant and equipment	2 to 10 years
Motor vehicles	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.

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

Note 13. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	912,621	540,847
Less: Accumulated depreciation	(321,881)	(259,999)
	<u>590,740</u>	<u>280,848</u>

Notes to the financial statements (continued)

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

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

	Land and buildings \$
Balance at 1 July 2022	358,705
Remeasurement adjustments	(14,849)
Depreciation expense	<u>(63,008)</u>
Balance at 30 June 2023	280,848
Remeasurement adjustments	374,128
Depreciation expense	<u>(64,236)</u>
Balance at 30 June 2024	<u><u>590,740</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 16 for more information on lease arrangements.

Note 14. Intangible assets

	2024 \$	2023 \$
Rights to revenue share	350,000	350,000
Less: Accumulated amortisation	<u>(122,739)</u>	<u>(90,921)</u>
	<u>227,261</u>	<u>259,079</u>
Franchise fee	105,112	105,112
Less: Accumulated amortisation	<u>(96,997)</u>	<u>(94,793)</u>
	<u>8,115</u>	<u>10,319</u>
Franchise renewal fee	225,445	225,445
Less: Accumulated amortisation	<u>(184,874)</u>	<u>(173,855)</u>
	<u>40,571</u>	<u>51,590</u>
	<u><u>275,947</u></u>	<u><u>320,988</u></u>

Notes to the financial statements (continued)

Note 14. Intangible assets (continued)

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

	Right to revenue share \$	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2022	290,897	1,468	7,348	299,713
Additions	-	11,053	55,263	66,316
Amortisation expense	(31,818)	(2,202)	(11,021)	(45,041)
Balance at 30 June 2023	259,079	10,319	51,590	320,988
Amortisation expense	(31,818)	(2,204)	(11,019)	(45,041)
Balance at 30 June 2024	<u>227,261</u>	<u>8,115</u>	<u>40,571</u>	<u>275,947</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.

Rights to revenue share acquired are recognised at cost at the date of acquisition and are assessed as having a useful life and are amortised over their useful life.

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)	February 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	February 2028
Rights to revenue share	Straight-line	11 years	June 2032

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	7,297	10,763
Other payables and accruals	<u>23,342</u>	<u>12,381</u>
	<u>30,639</u>	<u>23,144</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>29,179</u>	<u>43,768</u>

Notes to the financial statements (continued)

Note 16. Lease liabilities

	2024 \$	2023 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>85,716</u>	<u>60,286</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>578,097</u>	<u>261,036</u>
<i>Reconciliation of lease liabilities</i>		
	2024 \$	2023 \$
Opening balance	321,322	387,800
Remeasurement adjustments	374,412	(14,849)
Lease interest expense	43,227	17,136
Lease payments - total cash outflow	<u>(75,148)</u>	<u>(68,765)</u>
	<u>663,813</u>	<u>321,322</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
Tugun Branch	7.5%	5 years	1 x 5 years	Yes	August 2033

Note 17. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	<u>600,000</u>	<u>600,000</u>	<u>600,000</u>	<u>600,000</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.

Notes to the financial statements (continued)

Note 17. Issued capital (continued)

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*.

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.

Notes to the financial statements (continued)

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.

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 7 cents per share (2023: 7 cents)	42,000	42,000
Bonus fully franked dividend of 7 cents per share (2023: nil cents)	42,000	-
	<u>84,000</u>	<u>42,000</u>

Franking credits

	2024 \$	2023 \$
Franking account balance at the beginning of the financial year	178,960	152,096
Franking credits (debits) arising from income taxes paid (refunded)	192,761	40,166
Franking debits from the payment of franked distributions	(28,000)	(14,000)
Franking credits from franked distributions received	602	698
	<u>344,323</u>	<u>178,960</u>

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

Balance at the end of the financial year	344,323	178,960
Franking credits (debits) that will arise from payment (refund) of income tax	(41,631)	95,660
Franking credits available for future reporting periods	<u>302,692</u>	<u>274,620</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.

Notes to the financial statements (continued)

Note 20. Financial risk management

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

	2024 \$	2023 \$
Financial assets		
Trade and other receivables excluding prepayments (note 11)	105,784	126,117
Cash and cash equivalents (note 10)	624,647	608,599
Financial assets	-	55,859
Investments	-	51,289
	<u>730,431</u>	<u>841,864</u>
Financial liabilities		
Trade and other payables (note 15)	59,818	66,912
Lease liabilities (note 16)	663,813	321,322
	<u>723,631</u>	<u>388,234</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 or fair value through profit and loss (FVTPL).

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

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.

Notes to the financial statements (continued)

Note 20. Financial risk management (continued)

Financial liabilities

Classification

The company measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised cost comprise trade and other payables and lease liabilities.

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 \$624,647 and term deposits of \$nil at 30 June 2024 (2023: \$608,599 and \$51,289).

Equity Price risk

All of the company's equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss or other comprehensive income. The company disposed of its equity investments during the 30 June 2024 financial year and is not exposed to a significant equity securities 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	30,639	29,179	-	59,818
Lease liabilities	88,611	381,838	448,561	919,010
Total non-derivatives	119,250	411,017	448,561	978,828
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	23,144	43,768	-	66,912
Lease liabilities	321,322	285,021	-	606,343
Total non-derivatives	344,466	328,789	-	673,255

Notes to the financial statements (continued)

Note 21. Key management personnel disclosures

The following persons were directors of Tugun & District Finances Limited during the financial year:

Peter Anthony Dirkx	Cameron Kenneth Window
Robert William Marshall	Norbert Anthony Benton
Sean David Powell	Georgina Louise Tomlinson
Benjamin John Crompton	

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

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

Note 22. Related party transactions

Key management personnel

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

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2024	2023
	\$	\$
Legal work related to leases conducted by Robbins Watson Solicitors where a director is a partner	440	-
Contractor/Consultant payments made to a directors spouse	56,881	-

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	3,660	7,505
Share registry services	4,440	3,804
	8,800	11,969
	15,450	17,369

Notes to the financial statements (continued)

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	158,240	323,591
Adjustments for:		
Depreciation and amortisation	131,515	127,995
(Increase)/decrease in fair value of equity instruments designated at FVTPL	-	56
Lease liabilities interest	43,227	17,136
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	77,105	(73,235)
Increase in income tax refund due	(41,631)	-
Decrease/(increase) in deferred tax assets	1,299	(1,299)
Increase/(decrease) in trade and other payables	6,169	(7,763)
Increase/(decrease) in provision for income tax	(95,660)	84,788
Increase/(decrease) in deferred tax liabilities	5,682	(4,681)
Increase/(decrease) in other provisions	(8,363)	1,125
Net cash provided by operating activities	<u>277,583</u>	<u>467,713</u>

Note 25. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>158,240</u>	<u>323,591</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>600,000</u>	<u>600,000</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>600,000</u>	<u>600,000</u>
	Cents	Cents
Basic earnings per share	26.37	53.93
Diluted earnings per share	26.37	53.93

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



Peter Anthony Dirx
Chair

1 October 2024

Independent audit report



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

Independent auditor's report to the Directors of Tugun & District Finances Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Tugun & District Finances 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 Tugun & District Finances 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'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 1 October 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

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