Annual Report 2024

Valley Community Financial Services Limited

**Community Bank
Hurstbridge, Diamond Creek,
Eltham, Doreen-Mernda
and Kinglake Branch**

ABN 86 092 399 730

Contents

Chairman's report.

For year ending June 30 2024.

I am pleased to present my first report as Chair of our company, succeeding Malcolm Hackett, who has left a remarkable legacy. The year 2024 has yielded exceptional financial results and has allowed us to advance our strategic initiatives focused on safeguarding shareholder value and enhancing the sustainability of our operations.

The Reserve Bank's sustained efforts to curb inflation through increased interest rates have provided unprecedented flexibility in banking margins. Our management and staff's vigilant approach in containing costs, growing our customer base, and expanding our banking book has equipped us well for the current market conditions. The results from this year will be remembered as one of our most rewarding periods, thanks to the steadfast focus by the Board and the expertise of our staff and management team, led by Barry Henwood and Tina Elmer.

In 2023, we experienced a significant uplift in profits, allowing us to reward our shareholders with a dividend of 12 cents per share. Furthermore, we took a major step in executing our strategic plan by acquiring a property in Diamond Creek. This new location will serve as our relocated bank branch, lending hub, and corporate office. Importantly, this strategic acquisition will not only reduce our rental expenses but also enhance our income through four additional commercial shops included in the title. I am pleased to report that we have met our targets and are now operating from our new premises in Diamond Creek.

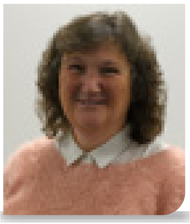
I want to extend my heartfelt gratitude to my fellow directors and staff, whose unwavering support has been invaluable over the past year. They have helped me navigate the many personal challenges I faced while transitioning into this role. Their commitment to our company and the principles of Community Banking has been inspiring.

We are fortunate to be part of a community enriched by the contributions of dedicated volunteers. Their efforts have fostered a vibrant social environment that, coupled with our connection to community groups, creates a collaborative spirit within our boardroom. This synergy embodies Community Banking's dedication to nurturing successful communities.

Our business thrives due to the strong support we receive from our community, which is built on the meaningful relationships established by our committed staff. In Nillumbik, we often take Community Banking and its financial benefits for granted. However, it is crucial to recognize that this is not the case everywhere. We should take pride in what we have built and consistently advocate for the local branches and the Bendigo Bank brand that has enabled our success.

As we look to the future, let us remain committed to our shared vision and continue fostering the values that have made our company a cornerstone of our community.

Thank you for your continued support.



Carol Jenkinson
Chair

CEO's annual report.

For year ending June 30 2024.

VCFS Financial Year 2024 Report

It is a pleasure to report another excellent result for the 2024 Financial Year. As anticipated by Bendigo Bank, margins peaked last year, yet they remain healthy compared to recent years. We have achieved a reported profit exceeding $2,500,000 before income tax.

Key Financial Highlights:

- **Dividend Distribution:** VCFS paid a dividend of twelve cents per share in October 2023.
- **Community Contribution:** We have contributed $176,369 and $90,909 to CEF back to the communities we serve.
- **Facility Developments:** The renovation and fit-out of our new corporate headquarters, lending team hub, and the new Community Bank Diamond Creek branch have been successfully completed.

This remarkable outcome is a testament to the hard work our staff has put into growing our banking book year after year.

Looking Ahead:

The new facility is expected to yield significant long-term operational cost savings. It is designed to cater to the future needs of banking services and will increase our alternative revenue, helping to stabilize net earnings in the core community banking business.

- **Property Portfolio:** The Diamond Creek property has been a substantial addition to our balance sheet. As of 30 June 2024, VCFS reported debt levels under one million dollars, with a target to be debt-free within five years. Our property portfolio is now valued at over $6 million, which includes our branch at Hurstbridge.

Community Engagement:

VCFS makes regular tax-deductible contributions to the Community Enterprise Foundation (CEF), managed by Bendigo Bank. These funds support local projects and enable us to plan for larger initiatives. Over the years, these contributions have funded various projects in partnership with local organizations such as the CFA, Rotary clubs, schools, and community programs. Some notable projects include:

- Assistance to local CFA groups for equipment purchases.
- Funding for the Diamond Creek Tram Café.
- Support for the Panton Hill Cricket Training pitch.
- Contributions to the St Andrews Community Centre.

In 2024, we have committed to helping fund the new Hurstbridge Community Shed with a contribution of $100,000. This $850,000 project faced funding challenges due to rising building costs, but our commitment ensures its progression, with construction expected to begin by Christmas 2024. Importantly, the new Hurstbridge Shed will also benefit women, providing shared programs that allow them to utilize the facility and its equipment.

Barry Henwood
CEO

Community Recognition:

Our contributions to the Hurstbridge Community Shed project fostered goodwill with the Nillumbik Shire Council, resulting in a ten-year extension of naming rights to the Community Bank Stadium at no charge.

Adapting to Change:

We have consistently adapted to the evolving business environment, positioning VCFS successfully within a rapidly changing industry. Our diverse offerings include:

- A cashless Community Bank in Doreen.
- A smaller premises at Eltham.
- A major centre at Community Bank – Hurstbridge.
- A mobile banking team that provides flexible service to customers.

Plus new additions:

- Diamond Creek Branch
- Lending hub
- Headquarters corporate offices

Acknowledgments:

I would like to express gratitude to everyone in the VCFS team for their dedication and hard work this past year.

- Special thanks to our administrative team: Melinda De Bolfo and Louise Danson.
- A heartfelt thank you to Carla Lewis for managing daily affairs and my schedule.
- A special mention for Tina Elmer, who oversees the daily operations of our business with remarkable efficiency and dedication.

I also extend my appreciation to all directors for their guidance and patience over the last twelve months. Congratulations to our new Chair, Carol Jenkinson. Many in the community know Carol for her involvement with projects such as the Wattle Festival and her work with local sports clubs and schools. The transition to her leadership has been seamless, and we look forward to her continued contributions.

MRM/BDM reports.

Bendigo Bank

For year ending June 30 2024.

At VCFS, we take pride in offering exceptional customer service through our dedicated team.

Our Mobile Relationship Managers, Darren Gray and Michael Slaughter, alongside our Business Development Manager, Jason Dirkx, bring a wealth of local knowledge and expertise to assist you.

Whether you prefer the comfort of your home or office, our team is happy to meet with you in person. If you're more comfortable with virtual communication, they are well-versed in conducting meetings via phone or video call.

Experience the personalized, old-fashioned service that sets us apart. We're here to make your financial journey as smooth and convenient as possible!

Jason Dirkx

Jason is the Business Development Manager at our Community Bank, specializing in home loan lending and community engagement. With 13 years of banking experience, he has dedicated the past 11 years to Bendigo Bank.

Holding a Certificate IV in Financial Services, Jason began his career with two years in real estate, gaining valuable industry insights that enhance his home loan lending expertise. He is passionate about property and finance and is deeply committed to providing exceptional customer service to both existing and new clients.

In addition to his banking role, Jason thoroughly enjoys collaborating with community groups. He actively networks and engages within his local municipalities, focusing on building meaningful relationships and fostering community support.

Jason is available to help you achieve your financial goals, whether it be at your home, office or at a café near you.

Contact Jason on 0499 554 870
or jason.dirkx@bendigoadelaide.com.au

Michael Slaughter

Michael is here to make things easy for you!

With almost 15 years' experience in Finance and a Diploma in Financial Services he has the experience to help you achieve your goals! He is available outside of banking hours including weekends and can meet you in your home, your workplace, online or even a café, at a time that is convenient for you.

He specialises in finance for;

- First Home Buyers
- Investment Properties
- Refinancing & Debt Consolidation

Michael is passionate about the local community and helping it prosper and grow!

He loves sport and is actively involved with his local soccer club.

He looks forward to meeting with you and helping achieve your goals!

Call him on 0498 002 137
or michael.slaughter@bendigoadelaide.com.au.

Darren Gray

Darren has over 30 years of home lending experience right across metropolitan Melbourne and beyond. He thrives on delivering an unmatched customer experience and is proud to say he is a trusted advisor to his many clients. He has unparalleled experience in lending and especially in the more complex scenarios involving lifestyle type properties and as such has found a way to help many customers other Banks have rejected. Darren not only services the Northern suburbs in general including the Kinglake ranges, but he will also travel far and wide to meet his clients at the best location and time suited to those clients. Darren has worked for the big banks for many years and has been with Bendigo Bank since April 2016. He has led teams of lenders as an Area Manager and is an experienced banker. Most of all he truly loves helping people achieve their dreams.

With background experience in real estate and accounting, he works with clients to achieve amazing outcomes using a holistic approach and ensuring he gives them the best deal he can every customer every time. For further enquiries, please call Darren anytime on 0417 167 390 or Darren.gray@bendigoadelaide.com.au

Senior Manager's report.

For year ending 30 June 2024.

As we close the financial year ending June 2024, it is important to reflect on our achievements despite the challenges faced in the banking environment and the broader economy. The last Home Loan rate increase in November 2023 created uncertainty among our customers; however, we have observed a gradual return of confidence. Notably, the real estate market showed signs of revival, with increased property sales and customers opting to pay down loans utilizing their savings. This trend, coupled with a growing demand for competitive rates, highlights our customers' desire for stability and value.

Our policy adjustments have positioned us well, enabling us to attract new clients while retaining our existing customer base.

The growth in our deposit portfolio was particularly noteworthy, fuelled by attractive rate increases across our deposit products. As of June 30, 2024, our total footings stand at $916 million, reflecting a $25 million increase from the previous year.

Group Business Size - June 2024 (million)

VCFS LTD	Balance as at 30/06/2023	2023/24	GROWTH	GROWTH %
DEPOSITS	492,360	531,123	38,763	7.87
LENDING	399,594	385,876	-13,718	-3.43
TOTAL	**891,954**	**916,999**	**25,045**	**2.80**

Book Size by Branches and Growth YTD - June 2024 (million)

BRANCHES	DEPOSITS 2023/24	GROWTH	LENDING 2023/24	GROWTH	OVERALL GROWTH
HURSTBRIDGE	167,545	-662	129,709	-19,632	-20,294
DIAMOND CREEK	151,490	22,359	82,975	4,025	26,384
KINGLAKE	35,852	8,412	23,529	-4,786	3,626
ELTHAM	120,661	10,709	94,150	3,593	14,302
DOREEN/MERNDA	55,575	-2,055	56,150	3,082	1,027

Our team has made remarkable efforts in nurturing client relationships, particularly through our Lending teams in branches, our two Mobile Relationship Managers, and the recent addition of Business Development Manager, Jason Dirkx. Jason's appointment is already proving to add substantial value to our operations.

As we continue to transition into a more digital banking framework, we must recognize the external risks our customers face, many of which are beyond our control. Our dedicated staff are committed to adhering to policies and procedures while educating customers about safe online banking practices. Their determination to sustain both lending and deposit growth, while providing exceptional customer support, is commendable.

I want to extend my heartfelt gratitude to our devoted and caring staff members. Your unwavering commitment to our customers and communities amidst challenges is invaluable, and I am grateful to have you on our team.

To the Board of Directors, your support and guidance throughout this year have been deeply appreciated by all staff.

Lastly, I would like to thank our administrative team—Melinda De Bolfo, Carla Lewis, and Louise Danson—for their steadfast support behind the scenes. It has been a pleasure working alongside you.

As we look forward to the next 12 months, we anticipate challenges ahead; however, I am confident that we have the right people in the right roles to successfully execute our strategies. While the road may not be easy, we have conquered difficulties before and will do so again.

"It's only after you've stepped outside your comfort zone that you begin to change, grow and transform" Roy T Bennett.

Tina Elmer
Senior Manager

Treasurer’s report.

For year ending June 30 2024.

Shareholders and stakeholders, I am pleased to present the financial statements for 2024.

Profit before tax for 2024 was $1,605,971 (2023 $2,561,495)

The results for 2024 reflected conditions in the market and mark a return to long term profit results following the exceptional profitability the company experienced in 2023.

While 2024 our financial assets under management grew 2.81%, interest rates were flat across the year. Consumer sentiment, market competition and product discounting resulted in revenue for the year finishing 8.9% lower than 2023.

Operating expenses rose 11.1% above 2023 however this rise included one off cost associated with moving Community Bank Diamond Creek branch and corporate office out of leased premises to 60 Main Hurstbridge Road, Diamond Creek. The move provides significant future rent savings, and the acquisition of the commercial spaces is already providing a good source of additional net revenue.

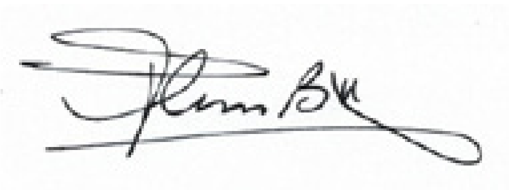
The acquisition and move to 60 Main Hurstbridge Road, Diamond Creek is the final stage of the Boards 2022-2024 strategy for building shareholder value through property acquisition. The Company’s net assets increased $1.119 million during 2024 and net asset value per share now exceeds 1.87 : 1 and 3.69 : 1 for issued capital.

This year we also continued to support community organisations and sporting clubs, making sponsorships and grants totalling $176,367 as well as depositing $90,909 in the Community Enterprise Foundation for future use.

2024 Dividend

The return to more normal long term profit level and the need to retain funds for business development have prompted Directors to recommend that a dividend of 9.00 cents per share be paid for the 2024 financial year. It is anticipated this will be paid in late October 2024.

The summary financial data and performance graphics which accompany this report are drawn from the audited financial statements for 2024 that are presented in the body of the 2024 annual report. I encourage you to turn to the audited financial statements for further detailed information about the Company’s financial performance.



Phillip Burtt CPA (ASA)
Treasurer

$916.99 million income earning loans and deposits up 2.81%

Customers – 17,154

$7.162 million revenue
$1.605 Profit
(before tax, community grants and sponsorships)

Investment in our communities
$176,367 - Grants and sponsorships
$90,909 to the CEF for future community use

$486,228 | 12.0 cents
Shareholder distribution
(Fully franked per share October 2023)

39.64 cents earnings per share

$1.875 Net Assets per share

Directors' report.

The Directors present their report, together with the financial statements, on Valley Community Financial Services Ltd for the financial year ended 30 June 2024.

Board of Directors

The following persons were Directors of Valley Community Financial Services Ltd during the whole of the financial year up to the date of this report, unless otherwise stated:

Carol Jenkinson

Title: Chair (Resigned as Deputy Chair and commenced as Chair 16 November 2023) - Independent Director

Qualifications: Dip Business Studies (Travel & Tourism), IATA International Travel Consultant (ITC) and Certification for Training.

Experience & Expertise: Carol's background is travel and marketing and she is heavily involved in numerous groups including Hurstbridge Wattle Festival, Panton Hill Football Club and School Council for Diamond Valley College.

Michael Maloney

Title: Deputy Chair (Commenced 31 January 2024) - Independent Director

Qualifications:

Experience & Expertise: Michael enjoyed a distinguished 39 year career in banking particularly with Bendigo and Adelaide Bank Community Banking at Strathmore and the with Valley Community Financial Services as Senior Manager and then a Mobile Relationship Manager. Michael is an active contributor to his local community with Eltham's sporting associations and the Heidelberg Golf Club.

Phillip Burtt

Title: Treasurer - Independent Director

Qualifications: B.Economics, CPA (ASA).

Experience & Expertise: Phillip is a Quality and Risk specialist and QMS (ISO 9001: 2015) certification services consultant with clients in Social Services and Employment Services. Prior to moving into consulting Phillip was Student Housing specialist at leading Victorian and International Universities (University of Melbourne, La Trobe University and Arcadia University).

Heidi Crundwell

Title: Company Secretary - Independent Director

Qualifications: Bachelor of Business (Marketing)

Experience & Expertise: Heidi has worked as a Marketing and Centre Manager for the Diamond Creek Traders Association for over 14 years, and in her marketing consulting capacity has also worked for trader groups such as the Nillumbik Tourism Association, Yarra Valley and the Dandenong's Marketing Board, Yarra Glen and Macleod Village Traders. Heidi is currently a Project Manager at State Government, working in Policy Regulation and Reform.

Barry Henwood

Title: CEO - Non Independent Director

Qualifications: DipHort Sci, Grad Dip Acc.

Experience & Expertise: A small business operator for 40 years. Twenty-five years in retail operating Newsagency's, Post Office, and Tattersall outlets. Barry has had extensive community involvement throughout his life. This includes leadership roles from local tennis clubs, local church Parish, local level of a political party and foundation Director of VCFS. He also Chairs the Gippsland Community Foundation.

Greg Paull

Title: Non Independent Director

Qualifications: Bachelor of Business (Accounting), CPA

Experience & Expertise: Greg is a registered builder and a Director of Transform Homes, a local construction company. He is an active member of the Rotary Club of Diamond Creek where he was President from 2015 to 2016. Greg lives in Yarrambat and has previously lived and worked overseas in a number of roles.

Philip Marendaz

Title: Non Independent Director

Qualifications: FCPA, B.Comm, GradDip Accounting

Experience & Expertise: Philip's professional career has been in Accounting and Commercial Management with major Australian public companies. He is a fellow of the Australian CPA's, a registered tax agent and runs his own accounting and business advisory practice with offices in Diamond Creek and Thomastown. He is also a past president of the Diamond Creek Traders Association, a Director of the Arthurs Creek Community Centre and a member of Diamond Creek Rotary.

Michael McBrien

Title: Independent Director

Qualifications: Bachelor of Management

Experience & Expertise: Michael is Key Account and Project Manager for Total Communications a brand for Paragon Care Group Australia Pty Ltd, where he manages accounts, project, contractors and staff.

Robert Charlesworth

Title: Independent Director

Qualifications:

Experience & Expertise: Rob has a thirty year history as a community volunteer, particularly with Scouts Victoria. A key role with Scouts Victoria was as Government and Community Engagement Manager responsible for the implementation of Scouts Victoria's growth strategy. Rob has also had extensive experience with community engagement and strengthening as Community Partnership and Engagement Officer with Sunbury and Cobaw Community Health, facilitating programs such a RU Ok, Sunbury Men's Shed and Sunbury Sons of the West.

Malcolm Hackett - OAM - Resigned 15 November 2023

Title: Chair - Independent Director

Qualifications: BA Dip. Ed

Experience & Expertise: Malcolm worked in the Victorian Education Department as a teacher, education consultant and school administrator for 34 years. He retired in 2008 having completed his career as the Principal of Diamond Valley College. Malcolm contributes his analytical and management skills and has broad knowledge of the rural and urban communities.

Bendigo Bank

Gill Di Pasquale - Resigned 21 September 2023

Title: Non Independent Director

Qualifications: Bachelor of Business Management, Graphic Design and Digital Marketing Studies.

Experience & Expertise: Gill's experience in staff management, business development, digital media, event planning, community engagement and marketing is beneficial to the Board. In particular she assists with the curation of content for our social media channels.

Directors were in office for this entire year unless otherwise stated.

Directors' meetings

Attendances by each Director during the year were as follows:

Director	Board Meetings		Audit Committee Meetings		Finance Committee		Human Resources		Community Engagment Committee		Task Force Committee	
	A	B	A	B	A	B	A	B	A	B	A	B
Carol Jenkinson	10	10	-	-	-	3	3	2	2	5	5	-
Michael Maloney	10	8	3	2	11	10	-	-	2	2	5	4
Phillip Burtt	10	9	3	3	11	11	-	-	2	2	5	5
Barry Henwood	10	9	3	3	11	11	3	3	-	-	5	4
Heidi Crundwell	10	7	3	3	-	-	-	2	2	5	5	-
Greg Paull	10	9	-	-	11	11	-	-	-	-	5	5
Philip Marendaz	10	9	-	-	11	11	-	-	-	-	5	3
Michael McBrien	10	8	3	3	-	3	3	-	-	5	3	-
Robert Charlesworth	10	8	-	-	-	-	-	2	2	5	5	-
Malcolm Hackett - OAM	4	4	1	1	4	4	1	1	1	1	2	5

Resigned 15 November 2023

Gigliola Di Pasquale	-	-	-	-	-	-	-	-	-	-	-	-

On leave till 21 September 2023. Resigned 21 September 2023

A The number of meetings eligible to attend.
B The number of meetings attended.
- Not a member of that committee.

Company Secretary

The following person held the position of Company Secretary at the end of the financial year.

Heidi Crundwell

Title: Company Secretary - Independent Director

Qualifications: Bachelor of Business (Marketing)

Experience & Expertise: Heidi has worked as a Marketing and Centre Manager for the Diamond Creek Traders Association for over 14 years, and in her marketing consulting capacity has also worked for trader groups such as the Nillumbik Tourism Association, Yarra Valley and the Dandenong's Marketing Board, Yarra Glen and Macleod Village Traders. Heidi is currently a Project Manager at State Government, working in Policy Regulation and Reform.

Principal activities

The principal activities of the Company during the course of the financial year were in providing Community Bank branch services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Operating results

The profit of the Company for the financial year after provision for income tax was:

	30 June 2024 ($)	30 June 2023 ($)	Movement
Profit After Tax	1,605,971	2,561,495	-37%

The fall in profit after tax of $955,524 was largely due to a decline in the margin from banking products of $828,590, increase in expenses across most areas $350,705, write off of assets from the relocation of the Diamond Creek operations $127,155 offset by lower income tax payable $325,034.

A highlight of the year was the completion of the development of 60 Main Hurstbridge Road, Diamond Creek to house both the Diamond Creek Branch and the Corporate office. Both operations were fully operative in the new premises in June.

The companies strong cash position enabled loans to be paid down by $1,244,255. Borrowings of $952,562 are underpinned by the value of buildings and investment properties, $7,812,167. Future cashflow is secure through a redraw facility of $2,564,252.

Directors' benefits

The following Directors have material interest in contracts or proposed contracts with the company.

- **Barry Henwood:** Executive Director - Valley Community Financial Services Ltd
- **Phillip Marendaz:** JPM Advisory - Company Accountant
- **Gill Di Pasquale:** Social Media advisor
- **Greg Paull:** Transform Homes - Project Manager - 60 Main Hurstbrdige Road, Diamond Creek

Director's interests

Director	Fully Paid Ordinary Shares		
	Balance at 1 July 2023	Changes During the Year	Balance at 30 June 2024
Carol Jenkinson	-	-	-
Michael Maloney	-	-	-
Phillip Burtt	-	-	-
Barry Henwood	11,000	-	11,000
Heidi Crundwell	25,000	-	25,000
Greg Paull	5,000	-	5,000
Philip Marendaz	5,000	-	5,000
Michael McBrien	-	-	-
Robert Charlesworth	-	-	-
Malcolm Hackett - OAM	20,000	-	20,000

- Resigned 15 November 2023

Gill Di Pasquale	10,500	-	10,500

- Resigned 21 September 2023

Directors’ report. (continued)

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	Cents per Share	Total Amount ($)
Final fully franked dividend	12	$486,228
Total Amount	**12**	**$486,228**

Options

No options over issued shares were granted during or since the end of the financial year and there were no options outstanding as at the date of this report.

Significant changes in the state of affairs

In the opinion of the directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial statements.

Events since the end of the financial year

No matters or circumstances have arisen since the end of the financial year that significantly impact or may significantly impact the operations of the Company, the results of those operations or the state of affairs of the company, in future financial years.

Likely developments

The Company will continue its policy of providing banking services to the community.

Environmental regulations

The Company is not subject to any significant environmental regulation.

Indemnification & insurance of Directors & Officers

The Company has indemnified all directors and the managers in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or managers 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. The Company has not provided any insurance for an auditor of the company or a related body corporate.

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*.

Non-audit services

The Company did not 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 (RSD Audit) for audit and non-audit services provided during the year are set out in Note 30 to the accounts.

The Board of Directors 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 are reviewed and approved by the Board prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- none of the services 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 on page 11 of this financial report.

Signed in accordance with a resolution of the Board of Directors at Diamond Creek, Victoria.

Carol Jenkinson
Chair/Director
Dated this 26th day of September, 2024

Auditor's independence declaration.

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

Auditors Independence Declaration under section 307C of the *Corporations Act 2001* to the Directors of Valley Community Financial Services Limited.

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of **Valley Community Financial Services Limited.**

As the lead audit partner for the audit of the financial report for the year ended 30 June 2024, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) Any applicable code of professional conduct in relation to the audit.

RSD Audit

Mahesh Silva
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 26 September 2024

RSD Audit Pty Ltd
ABN 85 619 186 908
Liability limited by a scheme approved under Professional Standards Legislation

Financial statements.

For the year ended 30 June 2024.

Statement of profit or loss and other comprehensive income

	Note	2024 $	2023 $
Revenue			
Revenue from contracts with customers	7	6,869,134	7,697,724
Other revenue	8	292,229	268,185
Finance income	9	474	885
		7,161,837	**7,966,794**
Expenses			
Employee benefits expense	10	(3,113,661)	(2,840,514)
Depreciation and amortisation	10	(473,689)	(381,318)
Finance costs	10	(49,633)	(78,426)
Administration and general costs		(501,835)	(435,740)
Occupancy expenses		(228,217)	(194,515)
IT expenses		(137,011)	(122,561)
Auditor remuneration		(7,650)	(7,150)
Marketing & Promotion		(55,661)	(47,872)
Other expenses		(189,977)	(171,378)
		(4,757,334)	**(4,279,474)**
Operating profit before charitable donations and sponsorship		**2,404,503**	**3,687,320**
Charitable donations and sponsorship	10	(267,276)	(269,535)
Profit before income tax		**2,137,227**	**3,417,785**
Income tax expense	11	(531,256)	(856,290)
Profit for the year after income tax		**1,605,971**	**2,561,495**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,605,971**	**2,561,495**
Profit attributable to the ordinary shareholders of the company		1,605,971	2,561,495
Total comprehensive income attributable to ordinary shareholders of the company		**1,605,971**	**2,561,495**

Earnings per share		¢	¢
- basic and diluted earnings per share	32	39.64	63.22

The accompanying notes form part of these financial statements.

Statement of Financial Position

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	12	530,988	1,513,381
Trade and other receivables	13	577,390	674,170
Financial assets	14	20,174	19,684
Other assets	15	68,311	53,677
Total current assets		**1,196,863**	**2,260,912**
Non-current assets			
Property, plant and equipment	16	2,066,011	2,041,270
Right-of-use assets	17	619,714	360,700
Investment Properties	18	6,426,408	5,795,588
Intangible assets	19	81,025	145,881
Deferred tax assets	20	56,522	57,265
Total non-current assets		**9,249,680**	**8,400,704**
Total assets		**10,446,543**	**10,661,616**
Liabilities			
Current liabilities			
Trade and other payables	21	754,353	421,735
Current tax liability	20	98,948	769,698
Borrowings	22	427,298	458,669
Lease liabilities	23	131,521	254,515
Employee benefits	24	327,963	260,788
Total current liabilities		**1,740,083**	**2,165,405**
Non-current liabilities			
Trade and other payables	21	-	76,605
Borrowings	22	525,264	1,738,118
Lease liabilities	23	516,401	140,214
Employee benefits	24	66,161	62,383
Total non-current liabilities		**1,107,826**	**2,017,320**
Total liabilities		**2,847,909**	**4,182,725**
Net assets		**7,598,634**	**6,478,891**
Equity			
Issued capital	25	2,055,876	2,055,876
Retained earnings	26	5,542,758	4,423,015
Total equity		**7,598,634**	**6,478,891**

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

	Note	Issued Capital $	Retained Earnings $	Total Equity $
Balance at 1 July 2022		**2,055,876**	**2,145,152**	**4,201,028**
Comprehensive income for the year				
Profit for the year		-	2,561,495	2,561,495
Other comprehensive income for the year		-	-	-
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(283,632)	(283,632)
Balance at 30 June 2023		**2,055,876**	**4,423,015**	**6,478,891**
Balance at 1 July 2023		**2,055,876**	**4,423,015**	**6,478,891**
Comprehensive income for the year				
Profit for the year		-	1,605,971	1,605,971
Transactions with owners in their capacity as owners				
Dividends paid or provided	31	-	(486,228)	(486,228)
Balance at 30 June 2024		**2,055,876**	**5,542,758**	**7,598,634**

The accompanying notes form part of these financial statements.

Statement of Cash Flows

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		7,798,481	8,195,370
Payments to suppliers and employees		(4,956,040)	(4,434,427)
Interest paid		(57,653)	(78,426)
Interest received		474	885
Income tax paid		(1,201,263)	(181,407)
Net cash flows provided by operating activities	**27b**	**1,583,999**	**3,501,995**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		-	1,571
Purchase of property, plant and equipment		(205,973)	(14,264)
Purchase of investments		(297,116)	(3,405,801)
Purchase of intangible assets		(76,605)	(76,605)
Net cash flows used in investing activities		**(579,694)**	**(3,495,099)**
Cash flows from financing activities			
Proceeds from borrowings		-	1,300,000
Repayment of borrowings		(1,244,225)	(87,248)
Repayment of lease liabilities		(256,245)	(243,854)
Dividends paid		(486,228)	(283,632)
Net cash flows from/(used in) financing activities		**(1,986,698)**	**685,266**
Net increase/(decrease) in cash held		**(982,393)**	**692,162**
Cash and cash equivalents at beginning of financial year		1,513,381	821,219
Cash and cash equivalents at end of financial year	**27a**	**530,988**	**1,513,381**

The accompanying notes form part of these financial statements.

Notes to the financial statements.

For year ending June 30 2024.

NOTE 1. CORPORATE INFORMATION

These financial statements and notes represent those of Valley Community Financial Services Ltd (the Company) as an individual entity. Valley Community Financial Services Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 16th September 2024.

Further information on the nature of the operations and principal activity of the Company is provided in the directors' report. Information on the company's related party relationships is provided in Note 29.

NOTE 2. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar, unless otherwise stated.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Company has consistently applied the following accounting policies to all periods presented in these financial statements, except if mentioned otherwise.

(a) Economic dependency

The Company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the following Community Banks branches:

- Community Bank Hurstbridge
- Community Bank Diamond Creek
- Community Bank Eltham
- Community Bank Doreen-Mernda
- Bendigo Bank Kinglake

The Company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo and Adelaide Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry.

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

All deposits are made with Bendigo and Adelaide Bank, and all personal and investment products are products of Bendigo and Adelaide 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 and Adelaide Bank, must be approved by Bendigo and Adelaide Bank. All credit transactions are made with Bendigo and Adelaide Bank, and all credit products are products of Bendigo and Adelaide 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 the relevant Bendigo and Adelaide Bank entity to bear as long as the Company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo and Adelaide 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
- 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.

Notes to the financial statements.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Revenue from contracts with customers

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

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

Revenue is recognised on an accruals basis, at the fair value of consideration specified in the franchise agreement. Under AASB 15 Revenue from Contracts with Customers (AASB 15), revenue recognition for the Company's revenue stream is as follows:

Revenue
Franchise agreement profit share
Includes
Margin, commission and fee income
Performance Obligation
When the company satisfies its obligation to arrange the servies to be provided to the customer by the supplier (Bendigo & Adelaide Bank)
Timing of Recognition
On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days of month end

All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the Company – margin, commission and fee income. Bendigo and Adelaide 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

Margin is arrived at through the following calculation:

Interest paid by customers on loans,
less interest paid to customers on deposits

plus

Deposit returns (i.e. interest return applied by
Bendigo and Adelaide Bank on deposits)

minus

Any costs of funds (i.e. interest applied by
Bendigo and Adelaide Bank to fund a loan)

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

Commission

Commission revenue is in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the Company has fulfilled its performance obligation.

The Company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

Fee income

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

Core banking products

Bendigo and Adelaide 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 and Adelaide Bank branded home loans, term deposits and at call deposits.

Ability to change financial return

Under the franchise agreement, Bendigo and Adelaide Bank may change the form and amount of financial return that the Company receives. The reasons it may make a change include changes in industry or economic conditions or changes in the way Bendigo and Adelaide 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. The effect of the change on the revenue earned by the company is entirely dependent on the change.

Bendigo and Adelaide 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 and Adelaide Bank's margin at that time. For other products and services, there is no restriction on the change Bendigo and Adelaide Bank may make.

(c) Other revenue

The Company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Revenue	Revenue Recognition Policy
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of Goods and Services Tax (GST).

All revenue is stated net of the amount of Goods and Services Tax (GST).

Discretionary financial contributions

In addition to margin, commission and fee income, and separate from the franchise agreement, Bendigo and Adelaide Bank has also made MDF payments to the Company.

The amount has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF.

The payments from Bendigo and Adelaide Bank are discretionary and may change the amount or stop making them at any time. The Company retains control over the funds, the funds are not refundable to Bendigo and Adelaide Bank.

(d) Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages (including non-monetary benefits), annual leave, and sick leave which are expected to be wholly settled within 12 months of the reporting date. They are measured at amounts expected to be paid when the liabilities are settled, plus related on-costs. Expenses for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimate future cash outflows.

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

(e) Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

Current Income 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.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

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.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Goods & Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except:

- when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item
- when receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(f) Cash & cash equivalents

For the purposes of the statement of financial position and statement of cash flows, cash and cash equivalents comprise: cash on hand, deposits held with banks, and short-term, highly liquid investments (mainly money market funds) that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(g) Property, plant & equipment

Recognition & measurement

Items of property, plant and equipment are measured at cost or fair value as applicable, which includes capitalised borrowings costs, less accumulated depreciation and any accumulated impairment losses.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Depreciation

Depreciation is calculated to write-off the cost of items of property, plant and equipment less their estimated residual values using diminishing value method over their estimated useful lifes, and is recognised in profit or loss.

The estimated useful lives of property, plant and equipment for the current and comparative periods are as follows:

Asset Class	Method	Useful Life
Leasehold improvements	Diminishing value	4% to 5%
Plant & equipment	Diminishing value	25% - 75%
Motor vehicles	Diminishing value	25%

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

(h) Intangible assets

Intangible assets of the Company include the franchise fees paid to Bendigo and Adelaide Bank conveying the right to operate the Community Bank franchise.

Recognition & measurement

Intangible assets acquired separately are measured on initial recognition at cost.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill, is recognised in profit or loss as incurred.

Amortisation

Intangible assets are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

Asset Class	Method	Useful Life
Establishment fee	Straight line	Franchise term (5 years)
Franchise fee	Straight line	Franchise term (5 years)

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

(i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The Company's financial instruments include trade debtors and creditors, cash and cash equivalents, leases.

Sub-note (i) and (j) refer to the following acronyms:

Acronym	Meaning
FVTPL	Fair value through profit or loss
FVTOCI	Fair value through other comprehensive income
SPPI	Solely payments of principal and interest
ECL	Expected credit loss
CGU	Cash-generating unit

Recognition & initial measurement

Trade receivables are initially recognised when they originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to the acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification & subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, FVTOCI - debt investment; FVTOCI - equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or FVTOCI as FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial Assets - Business Model Assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed.

Financial Assets - Subsequent Measurement, Gains & Losses

For financial assets at amortised cost, these assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

NOTE 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities - classification, subsequent measurement, gains & losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost or FVTPL. A financial liability is classified as FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Any gain or loss on derecognition is also recognised in profit or loss.

Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Where the Company enters into transactions where it transfers assets recognised in the statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred asset, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(j) Impairment

Non-derivative financial instruments

The Company recognises a loss allowance for estimated credit losses (ECL)'s on its trade receivables.

ECL's are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received.

In measuring the ECL, a provision matrix for trade receivables is used, taking into consideration various data to get to an ECL, (i.e. diversity of its customer base, appropriate groupings of its historical loss experience etc.).

Recognition of ECL in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The Company's trade receivables are limited to the monthly profit share distribution from Bendigo and Adelaide Bank, which is received 14 days post month end. Due to the reliance on Bendigo and Adelaide Bank 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 also performed a historical assessment of receivables from Bendigo and Adelaide Bank and found no instances of default. As a result no impairment loss allowance has been made in relation to trade receivables as at 30 June 2024.

Non-financial assets

At each reporting date, the Company reviews the carrying amount of its non-financial assets (other than investment property, contracts assets, and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The Company has assessed for impairment indicators and noted no material impacts on the carrying amount of non-financial assets.

(k) Issued capital

Ordinary shares

Ordinary shares are recognised at the fair value of the consideration received by the Company. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(l) Leases

As lessee

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for leases of property the company has elected not to separate lease and non-lease components and account for the lease and non-lease components as a single lease component.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of 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.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the costs of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The Company determines its incremental borrowing rate by obtaining interest rates from funding sources and where necessary makes certain adjustments to reflect the terms of the lease and type of asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual guarantee; and
- the exercise price under a purchase option the Company is reasonable certain to exercise, lease payments in an option renewal period if the company is reasonably certain to exercise that option, and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, if the Company changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases & leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets, including IT equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

A short-term lease is a lease that, at commencement date, has a lease term of 12 months or less.

As lessor

The Company has lease agreements in place for all occupied tenancies in their investement property portfolio.

(m) Standards issued but not yet effective

There are no new standards effective for annual reporting periods beginning after 1 July 2023 that are expected to have a significant impact on the Company's financial statements.

NOTE 4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES & ASSUMPTIONS

During preparation of the financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income, and expenses. Actual outcomes and balances may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Any revisions to these estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

Note	Judgement
Note 7 - Revenue	Whether revenue is recognised over time or at a point in time
Note 23 - Leases:	
(a) Control	Whether a contract is or contains a lease at inception by assessing whether the Company has the right to direct the use of the identified asset and obtain substantially all the economic benefits from the use of that asset
(b) Lease term	Whether the Company is reasonably certain to exercise extension options, termination periods, and purchase options
(c) Discount rates	Judgement is required to determine the discount rate, where the discount rate is the Company's incremental borrowing rate if the rate implicit in the lease cannot be readily determined. The incremental borrowing rate is determined with reference to factors specific to the Company and underlying asset including: • the amount • the lease term • economic environment • any other relevant factors

(b) Assumptions & estimation uncertainty

Information about assumptions and estimation uncertainties at 30 June 2024 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

Note	Assumption
Note 20 - Recognition of deferred tax assets	Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised
Note 16 - Estimation of asset useful lives	Key assumptions on historical experience and the condition of the asset
Note 24 - Long service leave provision	Key assumptions on attrition rate of staff and expected pay increases though promotion and inflation

NOTE 5. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks arising from financial instruments:

- credit risk
- liquidity risk
- market risk

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not utilise any derivative instruments.

Risk management is carried out directly by the Board of Directors.

(a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo and Adelaide Bank.

(b) 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 remaining contractual maturities of financial liabilities. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

30 June 2024		Contractual Cash Flows		
Non-derivative Financial Liability	Carrying Amount	< 12 Months	1 - 5 Years	> 5 Years
Lease liabilities	647,922	147,514	481,151	115,305

(c) 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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

Price risk

The Company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. There is no exposure to the company in regard to commodity price risk.

Cash flow & fair values interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest-rate risk.

The Company held cash and cash equivalents of $530,988 at 30 June 2024 (2023: $1,513,381). The cash and cash equivalents are held with Bendigo & Adelaide Bank, which are rated BBB on Standard & Poor's credit ratings.

NOTE 6. CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to sustain future development of the Company. The Board of Directors 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:

(a) 20% of the profit or funds of the Company otherwise available for distribution to shareholders in that 12 month period; and

(b) 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 year ended 30 June 2024 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 7. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue arises from the rendering of services through its franchise agreement with the Bendigo and Adelaide Bank Limited. The revenue recognised is measured by reference to the fair value of consideration received or receivable, excluding sales taxes, rebates, and trade discounts.

	2024 $	2023 $
Revenue		
- Revenue from contracts with customers	6,869,134	7,697,724
Disaggregation of Revenue From Contracts With Customers		
- Margin income	6,320,121	7,181,518
- Fee income	285,871	272,655
- Commission income	263,142	243,551
	6,869,134	**7,697,724**

All revenue from contracts customers shown above was recognised at a point in time. There was no revenue from contracts with customers recognised over time during the financial year.

Notes to the financial statements.

NOTE 8. OTHER REVENUE

The Company generates other sources of revenue as outlined below.

	2024 $	2023 $
Other Revenue		
- Rental Income	269,170	168,819
- Other Income	23,059	56,866
- Market development fund income	-	42,500
	292,229	**268,185**

NOTE 9. FINANCE INCOME

The Company holds financial instruments measured at amortised cost. Interest income is recognised at the effective interest rate.

	2024 $	2023 $
Finance Income		
At amortised cost:	-	-
- Distribution from investment	267	854
- Interest from term deposits	207	31
	474	**885**

NOTE 10. EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

(a) Employee benefits expense

	2024 $	2023 $
Employee Benefits Expense		
- Wages & salaries	2,446,380	2,190,464
- Superannuation costs	264,600	235,696
- Other expenses related to employees	189,797	190,692
- Seconded Employees	208,384	208,362
- Contractors	4,500	15,300
	3,113,661	**2,840,514**

	2024 $	2023 $
Depreciation of Non-current Assets		
- leasehold improvements	18,264	18,981
- plant and equipment	22,216	28,078
- motor vehicles	13,597	18,131
- investment property building new capital works	1,336	-
	55,413	**65,190**
Write off of Non-current Assets		
- Diamond Creek relocation write off	127,155	-
	127,155	**-**
Depreciation of Right-of-use Assets		
- leased buildings	226,265	251,272
	226,265	**251,272**
Amortisation of Intangible Assets		
- franchise fees	64,856	64,856
	64,856	**64,856**
Total depreciation & amortisation expense	**473,689**	**381,318**

The non-current tangible and intangible assets listed above are depreciated and amortised in accordance with the Company's accounting policy (see Note 3(g) and 3(h) for details).

(c) Finance Costs

	Note	2024 $	2023 $
Finance Costs			
- Interest paid		49,633	78,426
		49,633	**78,426**

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

(d) Community investments & sponsorship

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 and grants).

	Note	2024 $	2023 $
Community Investments & Sponsorship			
- Direct sponsorship and grant payments		176,367	169,535
- Contribution to the Community Enterprise Foundation™	10(e)	90,909	100,000
		267,276	**269,535**

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

When the Company pays a contribution into 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.

(e) Community Enterprise Foundation™ (CEF) Contributions

During the financial year the Company contributed funds to the CEF, the philanthropic arm of the Bendigo Bank. These contributions paid in form part of community investments and sponsorship expenditure included in profit or loss.

	Note	2024 $	2023 $
Disaggregation of CEF Funds			
Opening balance		551,603	451,681
Contributions paid	10(d)	90,909	100,000
Grants paid out		(11,180)	(11,180)
Interest received		24,491	16,102
Management fees incurred		(4,545)	(5,000)
Balance available for distribution		**651,278**	**551,603**

NOTE 11. INCOME TAX EXPENSE

Income tax expense comprises current and deferred tax. Attributable current and deferred tax expense is recognised in the other comprehensive income or directly in equity as appropriate.

(a) The components of tax expense

	2024 $	2023 $
Current tax expense	530,513	862,295
Deferred tax expense	743	(6,006)
Under / (over) provision of prior years	-	1
	531,256	**856,290**

(b) Prima Facie tax payable

The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:

	2024 $	2023 $
Prima facie tax on profit before income tax at 25% (2023: 25%)	534,307	854,446
Add Tax Effect Of:		
- Non deductible franchise fee amortisation	10,809	2,702
- Under / (over) provision in respect to prior years	-	1
- Temporary Differences	(25,983)	5,146
- movement in deferred tax	743	(6,005)
Income tax attributable to the entity	**519,876**	**856,290**
The applicable weighted average effective tax rate is:	24.86%	25.05%

NOTE 12. CASH & CASH EQUIVALENTS

	2024 $	2023 $
Cash at bank and on hand	316,816	599,207
Short-term bank deposits	214,172	914,174
	530,988	**1,513,381**

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less. Any bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

NOTE 13. TRADE & OTHER RECEIVABLES

	2024 $	2023 $
Current		
Trade receivables	577,390	674,170
	577,390	**674,170**

Trade and other receivables are initially measured at the transaction price. Trade and other receivables are due for settlement usually no more than 30 days from the date of recognition.

The Company's main debtor relates to the Bendigo and Adelaide Bank monthly profit share distribution, which is deposited within a reasonable timeframe each month. There are no items that require the application of the lifetime expected credit loss model.

NOTE 14. FINANCIAL ASSETS

	2024 $	2023 $
At Amortised Cost		
Term deposits	13,555	13,348
Other investments	6,619	6,336
	20,174	**19,684**

Term deposits classified as financial assets include only those with a maturity period greater than three months. Where maturity periods are less than three months, these investments are recorded as cash and cash equivalents.

NOTE 15. OTHER ASSETS

	2024 $	2023 $
Prepayments	54,856	36,282
Prepaid Borrowing Expenses	13,455	17,379
Other	-	16
	68,311	**53,677**

Other assets represent items that will provide the entity with future economic benefits controlled by the entity as a result of past transactions or other past events.

NOTE 16. PROPERTY, PLANT & EQUIPMENT

(a) Carrying amounts

	2024 $		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Buildings	1,385,759	-	1,385,759
Leasehold improvements	537,873	149,950	387,923
Plant & equipment	695,033	443,499	251,534
Motor vehicles	102,127	61,332	40,795
Total	**2,720,792**	**654,781**	**2,066,011**

	2023$		
	At Cost / Valuation	Accumulated Depreciation	Written Down Value
Buildings	1,385,759	-	1,385,759
Leasehold improvements	748,461	225,775	522,686
Plant & equipment	647,186	568,753	78,433
Motor vehicles	102,127	47,735	54,392
Total	**2,883,533**	**842,263**	**2,041,270**

(b) Movements in carrying amounts

2024	Buildings $	Leasehold Imp. $	Plant & Equipment $	Motor Vehciles $	Total
Opening carrying value	1,385,759	522,686	78,433	54,392	2,041,270
Additions	-	-	205,973	-	205,973
Disposals	-	(116,499)	(10,656)	-	(127,155)
Depreciation expense	-	(18,264)	(22,216)	(13,597)	(54,077)
Closing carrying value	**1,385,759**	**387,923**	**251,534**	**40,795**	**2,066,011**

2023	Buildings $	Leasehold Imp. $	Plant & Equipment $	Motor Vehciles $	Total
Opening carrying value	1,385,759	541,667	93,818	72,523	2,093,767
Additions	-	-	14,264	-	14,264
Disposals	-	-	(1,571)	-	(1,571)
Depreciation expense	-	(18,981)	(28,078)	(18,131)	(65,190)
Closing carrying value	**1,385,759**	**522,686**	**78,433**	**54,392**	**2,041,270**

(c) Capital expenditure commitments

The entity does not have any capital expenditure commitments as at 30 June 2024 (2023: None).

(d) Changes in estimates

During the financial year, the Company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods.

There were no changes in estimates for the current reporting period.

Notes to the financial statements.

NOTE 17. RIGHT-OF-USE ASSETS

Right-of-use assets are measured at amounts equal to the present value of enforceable future payments on the adoption date, adjusted for lease incentives, make-good provisions, and initial direct costs.

The Company derecognises right-of-use assets at the termination of the lease period or when no future economic benefits are expected to be derived from the use of the underlying asset.

The Company's lease portfolio includes buildings.

Options to extend or terminate

The option to extend or terminate is contained in the property lease of the Company. All extension or termination options are only exercisable by the Company. The extension options or termination options which were probable to be exercised have been included in the calculation of the right-of-use asset.

AASB 16 Amounts Recognised in the Statement of Financial Position

	2024 $		2023$	
	Leased Buildings $	Total ROU Asset $	Leased Buildings $	Total ROU Asset $
Leased asset	853,538	853,538	1,239,854	1,239,854
Depreciation	(233,824)	(233,824)	(879,154)	(879,154)
	619,714	**619,714**	**360,700**	**360,700**

Movements in carrying amounts:

2024 $	Leased Buildings $	Total ROU Asset $
Opening Balance	360,700	360,700
Additions	512,062	512,062
Reduction in drawdown value	(19,224)	(19,224)
Depreciation expense	(233,824)	(233,824)
Net carrying amount	**619,714**	**619,714**

2023 $	Leased Buildings $	Total ROU Asset $
Opening Balance	1,177,733	1,177,733
Additions	62,121	62,121
Reduction in drawdown value	-	-
Depreciation expense	(879,154)	(879,154)
Net carrying amount	**360,700**	**360,700**

AASB 16 Amounts Recognised in the Statement of Profit or Loss and Other Comprehensive Income

	2024 $	2023 $
Depreciation expense related to right-of-use assets	226,265	251,272
Interest expense on lease liabilities	22,022	23,630

NOTE 18. INVESTMENT PROPERTIES

	2024 $	2023 $
Investment Property - Carrying value	6,426,408	5,795,588
	6,426,408	**5,795,588**

Investment property is measured initially at its cost, including transaction costs.

Subequent to initial recognition, the company has elected to measure investment property using the cost model.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

The property rental income from the company's investment properties, which are leased out under operating leases, amounted to $269,170. Direct operating expenses (including repairs and maintenance,interest) arising from the rental - generating investment properties amounted to $161,393. Net Rental Income for the year $107,777.

Rental income is recognised on the value of invoices raised during the financial year.

The Company elected not to depreciate the initial purchase of investment properties as the valuation of the properties is consistent with the cost of acquisition. Capital Building works post the purchase of the investment properties are depreciated at 2.5% per annnum.

(a) Reconciliation of the carrying value of investment property

	2024 $	2023 $
Opening Balance	5,795,588	2,395,368
Additions	632,156	3,400,220
Depreciation	(1,336)	-
Closing Balance	**6,426,408**	**5,795,588**

(b) Capital expenditure commitments

The entity does not have any capital expenditure commitments as at 30 June 2024 (2023: None).

(c) Fair value of investment property

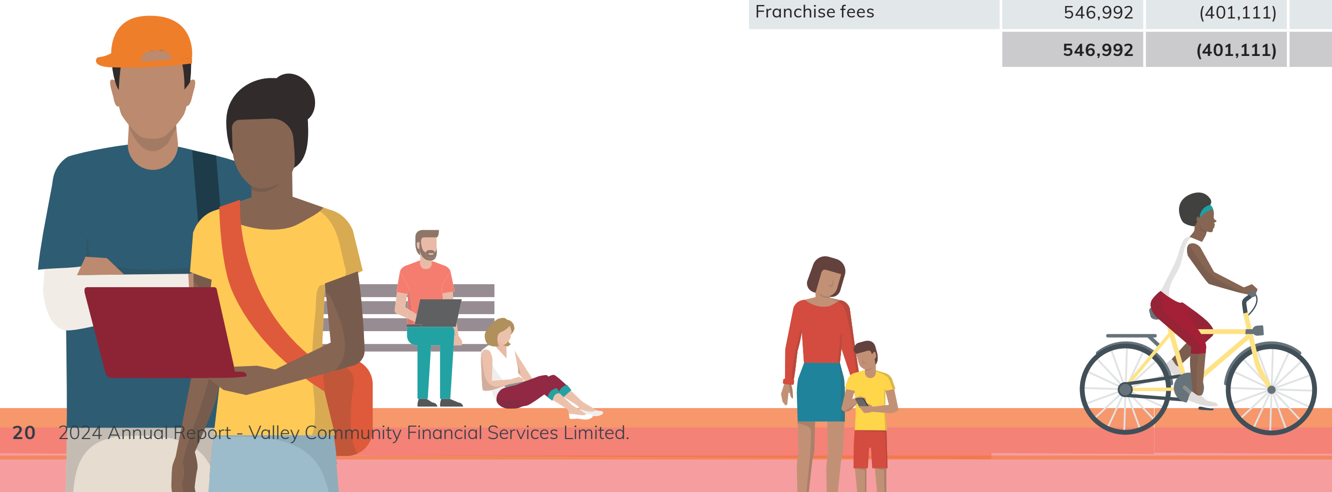
As the property was purchased recently and cost price is taken to be reasonable estimate of the fair value of the property as at 30th June 2024.

NOTE 19. INTANGIBLE ASSETS

(a) Carrying amounts

	2024 $		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	546,992	(465,967)	81,025
	546,992	**(465,967)**	**81,025**

	2023 $		
	At Cost / Valuation	Accumulated Amortisation	Written Down Value
Franchise fees	546,992	(401,111)	145,881
	546,992	**(401,111)**	**145,881**



NOTE 19. INTANGIBLE ASSETS - CARRYING AMOUNTS (CONTINUED)

(b) Movements in carrying amounts

2024	Franchise Fees $	Total
Opening carrying value	145,881	145,881
Amortisation expense	(64,856)	(64,856)
Closing carrying value	**81,025**	**81,025**

2023	Franchise Fees $	Total
Opening carrying value	210,737	210,737
Amortisation expense	(64,856)	(64,856)
Closing carrying value	**145,881**	**145,881**

NOTE 20. TAX ASSETS & LIABILITIES

(a) Current tax

	2024 $	2023 $
Income tax payable	98,948	769,698

(b) Deferred tax

Movement in the Company's deferred tax balances for the year ended 30 June 2024:

	30 June 2023 $	Recognised in P & L $	Recognised in Equity	30 June 2024 $
Deferred Tax Assets				
- Expense accruals	18,527	3,824	-	22,351
- Right -of-use assets	8,507	(1,455)	-	7,052
- Employee provisions	80,793	17,738	-	98,531
Total deferred tax assets	**107,827**	**20,107**	**-**	**127,934**
Deferred Tax Liabilties				
- Accrued income	(4)	4	-	-
- Prepayments	(13,415)	(3,663)	-	(17,078)
- Property, plant & equipment	(37,143)	(17,191)	-	(54,334)
Total deferred tax liabilities	**(50,562)**	**(20,850)**	**-**	**(71,412)**
Net deferred tax assets	**57,265**	**(743)**	**-**	**56,522**

Movement in the Company's deferred tax balances for the year ended 30 June 2023:

	30 June 2022 $	Recognised in P & L $	Recognised in Equity	30 June 2023 $
Deferred Tax Assets				
- Expense accruals	18,527	3,824	-	22,351
- Right -of-use assets	8,507	(1,455)	-	7,052
- Employee provisions	80,793	17,738	-	98,531
Total deferred tax assets	**107,827**	**20,107**	**-**	**127,934**
Deferred Tax Liabilties				
- Accrued income	(4)	4	-	-
- Prepayments	(13,415)	(3,663)	-	(17,078)
- Property, plant & equipment	(37,143)	(17,191)	-	(54,334)
Total deferred tax liabilities	**(50,562)**	**(20,850)**	**-**	**(71,412)**
Net deferred tax assets	**57,265**	**(743)**	**-**	**56,522**

NOTE 21. TRADE & OTHER PAYABLES

	2024 $	2023 $
Current		
Trade creditors	158,522	192,722
Other creditors and accruals	260,302	229,013
Accrued Capital Expenditure	335,529	
	754,353	**421,735**
Non-Current		
Other creditors and accruals	-	76,605
	-	**76,605**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.
Trade and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

NOTE 22. BORROWINGS

	2024 $	2023 $
Current		
Secured Liabilities		
Bank loan	427,298	458,669
	427,298	**458,669**
Non-Current		
Secured Liabilities		
Bank loan	525,264	1,738,118
	525,264	**1,738,118**
Total borrowings	**952,562**	**2,196,787**

Loans

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measures at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings as classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

The Company has 2 mortgage loan which is subject to normal terms and conditions.

- **Loan 1:** balance owing $353,844 at an interest rate of 7.27% funds the purchase of Lot 1,808 Heidelberg-Kinglake Road Hurstbridge and is secured by 808 Heidelberg-Kinglake Road Hurstbridge. Book value is $1,385,759.
- **Loan 2:** balance owing $598,718 at an interest rate of 7.77% funds the purchase of 60 Main Hurstbridge Road, Diamond Creek. Book Value is $4,031,039.

Notes to the financial statements.

NOTE 23. LEASE LIABILITIES

Lease liabilities were measured at amounts equal to the present value of enforceable future payments of the term reasonably expected to be exercised, discounted at the appropriate incremental borrowing rate on the adoption date. The discount rate used on recognition was 7.0%. The discount rate used in calculating the present value of enforceable future payments takes into account the particular circumstances applicable to the underlying leased assets (including the amount, lease term, economic environment, and other relevant factors).

The Company has applied judgement in estimating the remaining lease term including the effects of any extension or termination options reasonably expected to be exercised, applying hindsight if appropriate.

(a) Lease portfolio

The Company's lease portfolio includes:

Lease	Details
Eltham Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2020. The lease has one further five year extension option available.
Kinglake Branch	The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2017. Exercised option extended the lease for a further five years starting from August 2022. The lease has one further five year extention option available.
Doreen Branch	The lease agreement is a non-cancellable lease with an initial term of three years which commenced in May 2021. Option excercised with a new lease started in May 2024 The lease has no further extension option available.

The Company assesses at the lease commencement date whether it is reasonably certain to exercise extension options. The Company reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

(b) Lease liabilities

Lease liabilities are presented in the consolidated statement of financial position as follows:

	2024 $	2023 $
Current	131,521	254,515
Non-current	516,401	140,214

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 30 June 2024 were as follows:

30 June 2024	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
Lease payments	147,514	153,458	327,693	115,305	743,970
Finance charges	(15,994)	(27,429)	(47,388)	(5,237)	(96,048)
Net present values	**131,520**	**126,029**	**280,305**	**110,068**	**647,922**

30 June 2023	Minimum lease payments due				
	< 1 Year	1 - 2 Years	3 - 5 Years	> 5 years	Total
Lease payments	275,688	105,606	40,365	-	421,659
Finance charges	(21,173)	(4,028)	(1,729)	-	(26,930)
Net present values	**254,515**	**101,578**	**38,636**	**-**	**394,729**

(c) Lease payments not recognised as a liability

The Company has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis. In addition, certain variable lease payments are not permitted to be recognised as lease liabilities and are expensed as incurred.

The expense relating to payments not included in the measurement of the lease liability is as follows:

	2024 $	2023 $
Variable lease payments	45,113	42,582
	45,113	**42,582**

Total cash outflows for leases for the year ended 30 June 2024 was $45,113 (2023: $42,582).

NOTE 24. EMPLOYEE BENEFITS

	2024 $	2023 $
Current		
Provision for annual leave	174,337	149,215
Provision for long service leave	153,626	111,573
	327,963	**260,788**

Non-Current		
Provision for long service leave	66,161	62,383
	66,161	**62,383**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

Employee attrition rates

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

NOTE 25. ISSUED CAPITAL

(a) Issued capital

	2024	
	Number	$
Ordinary shares - fully paid	4,051,890	2,055,876
	4,051,890	**2,055,876**

	2023	
	Number	$
Ordinary shares - fully paid	4,051,890	2,055,876
	4,051,890	**2,055,876**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction from the proceeds.

(b) Movements in share capital

	2024 $	2023 $
Fully paid ordinary shares:		
At the beginning of the reporting period	4,051,890	4,051,890
Shares issued during the year	-	-
At the end of the reporting period	**4,051,890**	**4,051,890**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

NOTE 26. RETAINED EARNINGS

	Note	2024 $	2023 $
Balance at the beginning of the reporting period		4,423,015	2,145,152
Profit for the year after income tax		1,605,971	2,561,495
Dividends paid	31	(486,228)	(283,632)
Balance at the end of the reporting period		**5,542,758**	**4,423,015**

NOTE 27. CASH FLOW INFORMATION

(a) Cash and cash equivalents balances as shown in the Statement of Financial Position can be reconciled to the Statement of Cash Flows as follows:

	Note	2024 $	2023 $
Cash and cash equivalents	12	530,988	1,513,381
As per the Statement of Cash Flows		**530,988**	**1,513,381**

(b) Reconciliation of cash flow from operations with profit after income tax

	2024 $	2023 $
Profit for the year after income tax	1,605,971	2,561,495
Non-cash flows in profit		
- Depreciation	281,678	316,462
- Amortisation	64,856	64,856
- Bad debts	2,922	1,818
- ROU Adjustment	(465)	
- Net (profit) / loss on disposal of property, plant & equipment	127,155	-
Changes in assets and liabilities		
- (Increase) / decrease in trade and other receivables	93,874	(209,577)
- (Increase) / decrease in prepayments and other assets	9,975	(23,757)
- (Increase) / decrease in deferred tax asset	743	(6,005)
- Increase / (decrease) in trade and other payables	(2,911)	110,613
- Increase / (decrease) in current tax liability	(670,749)	680,888
- Increase / (decrease) in provisions	70,950	5,202
Net cash flows from operating activities	**1,583,999**	**3,501,995**

NOTE 28. FINANCIAL INSTRUMENTS

The following shows the carrying amounts for all financial instruments at amortised cost. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	2024 $	2023 $
Financial Assets			
Trade and other receivables	13	577,390	674,170
Cash and cash equivalents	12	530,988	1,513,381
Term deposits	14	13,555	13,348
		1,121,933	**2,200,899**
Financial Liabilities			
Trade and other payables	21	754,353	498,340
Borrowings	22	952,562	2,196,787
Lease liabilities	23	647,922	394,729
		2,354,837	**3,089,856**

NOTE 29. RELATED PARTIES

(a) Key management personnel

Key management personnel includes any person having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that Company. The only key management personnel identified for the Company are the Board of Directors, the members of which are listed in the Directors' report.

(b) Key management personnel compensation

The totals of remuneration paid to key management personnel of the company during the year are as follows:

	2024 $	2023 $
Short-term employee benefits	182,658	179,516
Post-employment benefits	20,536	18,902
Total key management personnel compensation	**203,194**	**198,418**

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive Directors as well as all salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other key management personnel.

Post-employment benefits

These amounts are the current year's estimated cost of providing the Company's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other Long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of key management personnel in equity-settled benefits schemes as measured by the fair value of the options, rights and shares granted on grant date.

(c) Other Related Parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(d) Transactions with key management personnel & related parties

During the year, the Company purchased goods and services under normal terms and conditions, from related parties as follows:

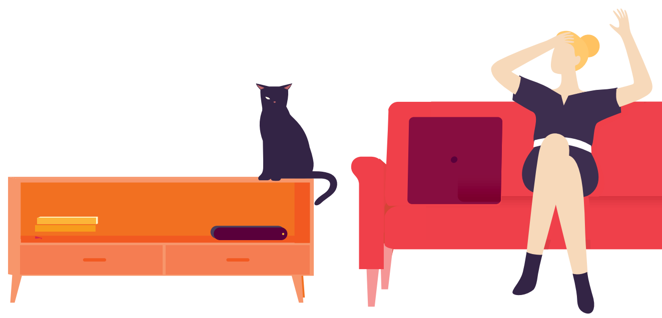
Name of Related Party	Description of Goods or Services Provided	Value $
JPM Advisory Group Pty Ltd - Related party of Director Philip Marendaz	Accounting Services	75,000
Gigliola Pty Ltd and Gill Di Pasquale - Related party of Director Gill Di Pasquale	Social Media Services	11,182
Transform Homes Pty Ltd - Related party of Director Greg Paull	Building and Construction Services	757,159

(e) Key management personnel shareholdings

The number of ordinary shares in the Company held by each key management personnel during the financial year has been disclosed in the Director's Report.

(f) Other key management transactions

There has been no other transactions key management or related parties other than those described above.



Notes to the financial statements.

NOTE 30. AUDITOR'S REMUNERATION

The appointed auditor of Valley Community Financial Services Ltd for the year ended 30 June 2024 is RSD Audit. Amounts paid or due and payable to the auditor are outlined below.

	2024 $	2023 $
Audit & Review Services		
Audit and review of financial statements (RSD Audit)	7,650	7,150
	7,650	**7,150**
Non-Audit Services		
Total auditor's remuneration	**7,650**	**7,150**

NOTE 31. DIVIDENDS

The following dividends were provided for and paid to shareholders during the reporting period as presented in the statement of changes in equity and statement of cash flows.

	2024 $		2023 $	
	Number	$	Number	$
Fully franked dividend	4,051,890	486,228	4,051,890	283,632
Dividends provided for and paid during the year	**4,051,890**	**486,228**	**4,051,890**	**283,632**

The tax rate at which dividends have been franked is 25% (2023: 25%).

NOTE 32. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted-average number of ordinary shares outstanding.

	2024 $	2023 $
Profit attributable to ordinary shareholders	1,605,971	2,561,495
	Number	Number
Weighted average number of ordinary shares	4,051,890	4,051,890
	¢	¢
Basic and diluted earnings per share	39.64	63.22

NOTE 33. EVENTS AFTER THE REPORTING PERIOD

There have been no significant events after the end of the financial year that would have a material impact on the financial statements or the Company's state of affairs.

NOTE 34. COMMITMENTS & CONTINGENCIES

Any commitments for future expenditure associated with leases are recorded in Note 22. Details about any capital commitments are detailed in Note 16(c).

The Company has no other commitments requiring disclosure.

There were no contingent liabilities or assets at the date of this report that would have an impact on the financial statements.

NOTE 35. COMPANY DETAILS

The registered office of the Company is:

Valley Community Financial Services Ltd
2&3, 60 Main Hurstbridge Road, Diamond Creek VIC 3089

The principal places of business are:

- **Hurstbridge, Victoria**
  808 Main Road, Hurstbridge VIC. 3099
- **Diamond Creek, Victoria**
  Shop 5, 60 Main Hurstbridge Road, Diamond Creek, VIC. 3089
- **Eltham, Victoria**
  Shop 3, 958 Main Road, Eltham, VIC. 3095
- **Doreen, Victoria**
  Shop 3a, 101 Hazel Glen Drive, Doreen, VIC. 3754
- **Kinglake, Victoria**
  Shop 4, Victoria Road, Kinglake, VIC. 3763

Consolidated entity disclosure statement

The Consolidated Entity Disclosure Statement (CEDS) has been prepared in accordance with the *Corporations Act 2001*.

Valley Community Financial Services Ltd has no controlled entities and, therefore, is not required by Australian Accounting Standards to prepare consolidated financial statements. As a result, section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

Director's declaration.

For the year ended 30 June 2024

In accordance with a resolution of the directors of Valley Community Financial Services Ltd, we state that:

In the opinion of the directors:

(a) The financial statements and notes of the Company are 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 performance for the financial year ended on that date; and

(ii) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) The information disclosed in the attached consolidated entity disclosure statement, on page 24 is true and correct.

This declaration is made in accordance with a resolution of the board of directors.

Carol Jenkinson
Chair/Director
Dated this 26th day of September, 2024

Independent audit report.

41A Breen Street
Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

Ph: (03) 4435 3550
admin@rsdaudit.com.au
www.rsdaudit.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF VALLEY COMMUNITY FINANCIAL SERVICES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Valley Community Financial Services Limited (the Company), which comprises the statement of financial position as at 30 June 2024, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, the consolidated entity disclosure statement and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of Valley Community Financial Services Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's financial position as at 30 June 2024 and of its financial performance and its cash flows for the year then ended; 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 Entity in accordance with the ethical requirements of the Accounting Professional & Ethical Standards Board's *APES 110 Code of Ethics* for Professional Accountants (including Independence Standards) 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 confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Those charged with governance 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 do 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.

Director's Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of:

(i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001;* and
(ii) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001,* and

Independent audit report.

for such internal control as the directors determine is necessary to enable the preparation of:

(iii) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(iv) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company 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 to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. 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. Misstatements 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.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control.

We 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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. 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, related safeguards.

Independence

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* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

RSD Audit
Chartered Accountants

Mahesh Silva
Partner
Bendigo
Dated: 26 September 2024

Community Bank · Hurstbridge
808 Main Road, Hurstbridge VIC 3099
Phone: 9718 0431 Fax: 9718 0166
Email: hurstbridge@bendigobank.com.au
Web: bendigobank.com.au/hurstbridge

Community Bank · Diamond Creek
Shop 5, 60 Main Hurstbridge Road, Diamond Creek VIC 3089
Phone: 9438 4133 Fax: 9438 6930
Email: diamondcreek@bendigobank.com.au
Web: bendigobank.com.au/diamondcreek

Community Bank · Eltham
Shop 3/958 Main Road, Eltham VIC 3095
Phone: 9439 0188 Fax: 9431 4667
Email: eltham@bendigobank.com.au
Web: bendigobank.com.au/eltham

Community Bank · Doreen-Mernda
Shop 3A Hazel Glen Road, Doreen VIC 3754
Phone: 9717 1433 Fax: 9717 1468
Email: doreenmernda@bendigobank.com.au
Web: bendigobank.com.au/doreen-mernda

Kinglake Branch
Shop 4/1 Victoria Road, Kinglake VIC 3763
Phone: 5786 1656 Fax: 5786 1589
Email: kinglake@bendigobank.com.au
Web: bendigobank.com.au/kinglake

Franchisee: Valley Community Financial Services Limited
ABN: 86 092 399 730
2 & 3, 60 Main Hurstbridge Road, Diamond Creek VIC 3089
Phone: 9438 3194
Email: administration@valleyfinancial.com.au

Share Registry: Lead Advisory Group – RSD Registry
PO Box 30, Bendigo VIC 3552
32 Garsed Street, Bendigo VIC 3550
Email: shares@rsdregistry.com.au

/communitybankvalleygroup
/communitybank_valleygroup

Bendigo Bank

Bendigo and Adelaide Bank Limited ABN 11 068 049 178 AFSL/Australian Credit Licence 237879. (BNPAR24039) (09/24)