

Inner East Community Finance Limited

30 September 2024

Market Announcement
National Stock Exchange (NSX)

BY ELECTRONIC LODGEMENT

Dear Sir/Madam

2024 ANNUAL REPORT

Inner East Community Finance Limited (NSX: IEC) attaches its Annual Report for the year ended 30 June 2024. The Annual Report will be mailed to shareholders who have elected to receive a hard copy and will also be made available on our website.

Yours sincerely

Steven Miller
Company Secretary
Inner East Community Finance Limited

For further information contact:

Bob Stensholt
Chair
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Annual Report 2024

Inner East Community
Finance Limited

ABN 96 099 590 593

Community Bank
Inner East



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Chair's report

For year ending 30 June 2024



Our purpose is to provide value and support to our communities by delivering exceptional banking and social enterprise services, while maximising profits and returning shareholder value.

The past financial year has been one of contrasts for Inner East Community Finance Ltd. We celebrated some significant achievements while navigating a very difficult business environment especially in relation to loans.

Following last year's outstanding revenue and profit result, we have recorded our second highest profit since the commencement of our operations as a community banking company. We saw revenue margins stabilise this year, after increasing significantly last year in line with rapid interest rate increases by the Reserve Bank.

I am pleased to report our result was an operating profit of \$2.6 million which included a depreciation of \$500,000 for our purchase of the revenue right of Community Bank Kew East.

This profit enabled us to provide our highest annual community investment contribution of more than \$1.77 million, representing just over 60 per cent of our operating profit. We provided this in the form of grants, sponsorships and community support to more than 141 community organisations and sporting groups. This takes our community support to more than \$9.5 million since the opening of our first branch in 2003.

Our community investment and support has made a substantial impact and is something we can all be very proud of. Our focus remains to support local organisations to improve the lives of those living in our community. During this past year we provided significant funding for projects and initiatives that support people living with a disability and those most vulnerable in our community.

In terms of general community funding help has been directed to Traders Associations, Rotary and Probus clubs, youth programs, cultural associations, and community centres as well as many other community groups.

We provided a vehicle for Access Health and Community, enhancing their ability to deliver services, support their outreach programs and reach more individuals in need. A grant was provided to Alkira for the development of a new residential facility in Mont Albert. This stand-alone facility will be known as Community Bank House and will provide accommodation for two people living with a disability with access to on-site carers and support, and Belmore School received funding to complete much needed new facilities.

The increased cost of living is seeing a rise in the demand for food distribution services. In response, we have provided funding to Boroondara Outreach and Power Neighbourhood Centre to ensure they can meet the demand for food relief.

We made a strong contribution to education, with a significant investment to Education Chances for the provision of scholarships to support talented students experiencing financial difficulty as well as scholarship funding at Swinburne University.

Our support of more than 60 local sporting clubs in the past 12 months demonstrates our commitment to fostering community engagement, health and well-being. Popular sports such as cricket, AFL, football (soccer), netball, tennis and hockey were supported as were many other sporting and recreational activities such as ballet, lacrosse, golf, bridge, basketball, croquet, calisthenics and gymnastics.

Chair's report (continued)

We made a further \$200,000 investment to Inner East Community Support Ltd (IECS). We also redirected funds that were previously placed in the Community Enterprise Foundation to IECS. This brings our seed funding contribution to IECS to a total of \$1.5 million.

Our support of community organisations previously helped by Community Bank Kew East continued. We promised to provide at least \$100,000 a year to local community groups in the Kew and Kew East areas and I am pleased to report in the past year we were able to support more than 25 organisations with funds totalling over \$230,000.

While our community investment efforts have resulted in historic levels of support, it has been achieved in the context of difficult and challenging banking conditions. Our focus, and that of Bendigo Bank, has been on maintaining and supporting our customers. Higher interest rates resulted in a highly competitive environment. There was also strong competition from brokers and from non-banking lenders, however, as a result of Inner East Community Finance Ltd's continuing strong operating profit, we are able to declare an increased dividend of 12 cents per share, rewarding, in particular, our long-standing shareholders. During the year our share price increased to \$1.35, its highest level to date.

I would like to thank our executive team, managers and staff for their consistent high efforts in a challenging environment. In particular, I thank CEO Nick Coker and Senior Manager, Maggie Stamoulis for their leadership and support.

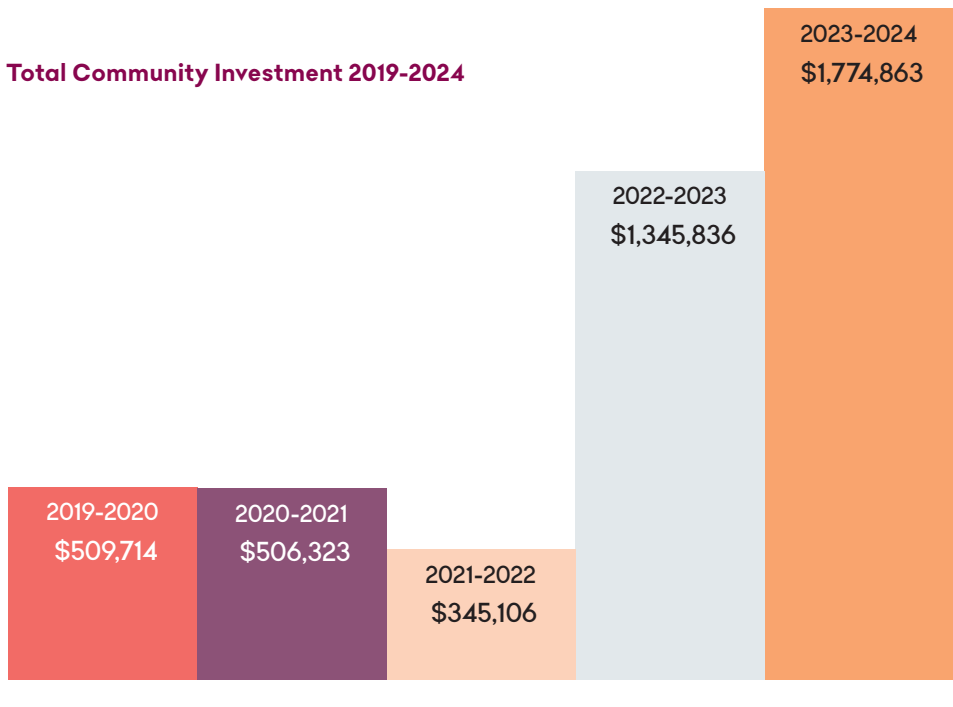
On behalf of everyone in our community, I would like to thank Juliann Byron for her twenty years of service on the Board and her outstanding leadership as the Chair for eleven years, which concluded during the year. Under Juliann's guidance the company more than tripled its footings and has now moved to achieving record levels of operating profitability and community investments and support. Well done indeed!

I also thank my fellow Board members for their appointment of me as the new Chair. I thank them, and all our committee members for their hard work and support during the year.

Finally, I extend my heartfelt thanks to all our shareholders, our growing number of customers, and the nearly 400 community groups and organisations we have partnered with. Your support and involvement are integral to our success. To our colleagues at Bendigo Bank and other community banking companies, thank you. Together, we are on a remarkable journey of unique and impactful community support. Our collective efforts make a significant difference in our community.

Bob Stensholt

Bob Stensholt
Chair



Chief Executive Officer's report

For year ending 30 June 2024



Our face-to-face interaction and support for local businesses, our customers and our community partners are what sets us apart from our competitors. All those years ago, the community came together to ensure banking services remained and some 21 years later they do.

We remain steadfast in our commitment to our core purpose and values, ensuring they are central to our decisions and strategic direction. Success manifests in many ways:

- Maintaining open and accessible branches- ensuring we continue to serve and support our community.
- Increasing our community investment- these contributions underscore our commitment to making a positive impact in our community.
- Valuing our Shareholders- to deliver strong returns.
- Our diverse workforce- we strive to employ and nurture a diverse workforce which enriches our organisation and who can support our diverse customer base.

The year has been challenging, as a result of slower economic conditions and elevated inflation. The increased cost of living combined with one of the steepest interest rate tightening cycles has resulted in a tough year for many. On a pleasing note, we can report a record community investment of \$1.77 million- the largest annual contribution we have ever made. This substantial investment is making a tangible difference and creating a positive impact on numerous local organisations that provide essential support and services in our community.

We have seen an increase in customer numbers, we now service more than 15,000 customers (an increase of 17.1%). Pleasingly our customers are placing more banking with our branches, with an increase of products held per customer from 2.13 to 2.70 (an increase of 26.8%). This success is a testament to the exceptional customer experience we provide, which is made possible by our diverse and highly engaged team.

It has also been a year of consolidation. We have worked extremely hard to embed the Kew East business into our day-to-day operation, supporting businesses, customers and community groups from this area. Our community investment of more than \$230,000 to groups in this area, reinforces our ongoing commitment and support to Kew, Kew East and surrounds. We are pleased to report that the acquisition of this business has been a success for all stakeholders.

Our total footings are sitting at \$1.17 billion, down \$75 million for the year (a decrease of 6%). This is represented by a reduction of \$58 million in lending (decrease of 10%) and a \$17 million reduction in deposits (decrease of 2.5%). We are seeing a shift in the investment strategy of some of our customers, due to the current interest rate environment and overall increased holding costs of property portfolios. Many people are now choosing to realise these assets and redirect to low-cost investments. This, together with the current highly competitive market and economic slowdown has impacted our results.

We delivered a pleasing result in income, which is due to the many years of clear focus and drive to grow the business. This coupled with the high interest rate environment has led to a revenue figure of \$8.27 million and an operating profit of \$2.60 million. This result has enabled our community contribution commitment of \$1.77 million (increase of 30%).

Chief Executive Officer's report (continued)

We continue to invest in our branch footprint, with our Surrey Hills branch undergoing a full refit during the year. Our network of branches continues to support our local customers, and in particular the business and retail outlets in the local shopping strips. Our customers benefit from being able to access our staff locally, rather than relying on call centres and online enquiries. Our Branch Operations Managers and their teams are continually enhancing their capabilities and capacity to deliver exceptional service and achieve results. Their ongoing development and commitment are key to maintaining the high standards of service we strive to provide.

We implemented more intensive servicing of our high-net-worth clients. Due to the growing demand in this space and focus to grow this side of the business, Kathy Koulouris (long term branch manager) supports these clients. Based at our head office, Kathy is well supported by Senior Manager, Maggie Stamoulis who also supports the branch operation managers.

Despite a challenging year, our mobile team continued to build on the relationships with our community partners driving business through this channel. We are not immune to the broader retail staff challenge and our 'One Team' approach across the entire business has enabled us to maintain our high service and performance standards throughout the year whilst covering staff vacancies.

Our executive team including, Maggie Stamoulis; Anna Gratton, Marketing Manager; and myself fully understand the importance of building the skills necessary for both current and future success. We are dedicated to the development and retention of our high-quality diverse team. This focus is crucial to the on-going success and growth of our business.

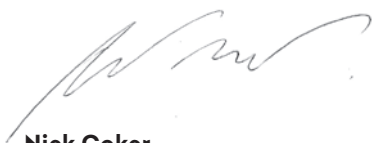
Our Community Investment Program has now contributed more than \$9.5 million, a milestone made possible by the support of our customers and shareholders. I would like to acknowledge them all for their support and contribution. This program continues to make a substantial impact to the numerous groups and organisations that provide support to the community at a grass roots level.

Our executive, mobile and banking managers, along with our branch operation managers and their teams, have been exceptional in navigating the various challenges presented. They are genuinely connected with the community and their commitment to developing long term relationships with our customers are integral to meeting their evolving financial needs.

I would like to acknowledge the support and guidance that we have received over the past 12 months from our Chair, Bob Stensholt, past Chair Juliann Byron, our Board of Directors, Company Secretary, Steve Miller and Treasurer, Ian Dinnison. We are fortunate to have such a passionate group of people leading the company.

Bendigo and Adelaide Bank Ltd. continues to be a valued partner, and I would like to thank our Regional Manager Rohan Sadler and his team for their ongoing support.

As we approach the year ahead, we do with optimism. I am confident the structure of our business and the capabilities of our team to effectively navigate our strategy and the ever-evolving needs of our customers.



Nick Coker
Chief Executive Officer

Treasurer's report

For year ending 30 June 2024

Operating results

Building on the achievements of previous years, the Company benefitted in the 2024 financial year (FY24) by retaining most of the increased footings, with a return to normal net margin share. This resulted in our revenue for the year being \$8.27 million, just ahead of last year and a record for the Company.

We continued to closely monitor our costs. However, there was a material increase in our staff costs due to increased head count to manage the challenges of the bigger business and increased salaries and bonuses. This resulted in the Operating Profit for FY24 being \$2.6 million, the second highest in the Company's history.

The Operating Profit includes a \$500,000 expense as we write-off the cost of acquiring the revenue right of Community Bank Kew East late last year. Notwithstanding this cost, the acquisition has proved to be highly successful and is expected to be strong into the foreseeable future.

During the year, we paid \$1.45 million to local community groups, an increase of 155% from last year. We also made a further contribution of \$200,000 to Inner East Community Support Limited for a total of \$1.65 million total grants and sponsorships for the year.

The capital management policies our Board has put in place in recent years have built up prudent reserves that we will use to maximise our future returns to local community groups and to support the continued success of the business.

In October 2023, the Company paid a dividend of 10 cents per share based on the performance of the 2023 financial year.

The Directors have determined that a fully franked dividend of 12 cents per share will be paid for the 2024 year, which is to be paid in October 2024.

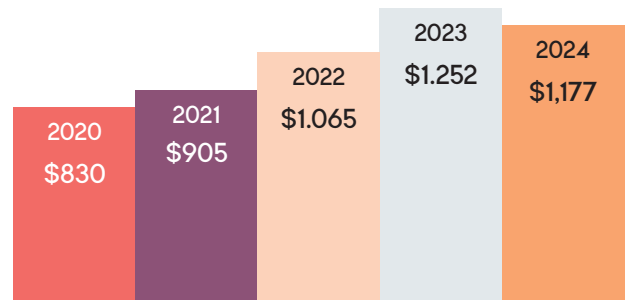
At the 2023 AGM shareholders approved the proposal by the Board to continue the on-market share buy-back program during 2024 to reduce the equity base of the Company and improve the overall use of capital. The company bought back 61,300 shares in the year ended 30 June 2024 at \$1.25 per share.



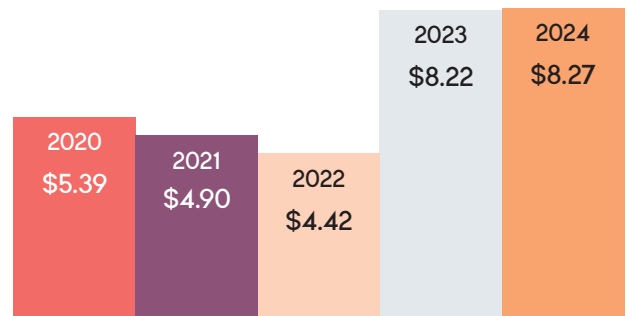
Ian Dinnison
Treasurer

All figures included in the Treasurer's report exclude GST.

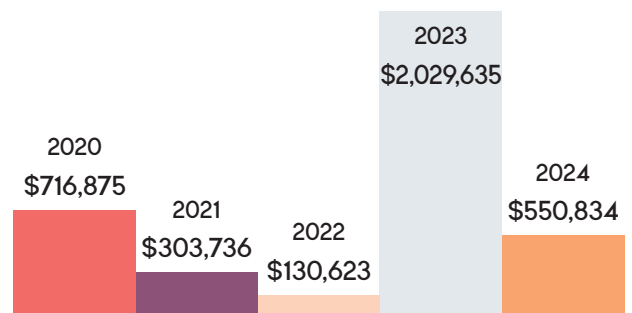
Footings (\$ millions)



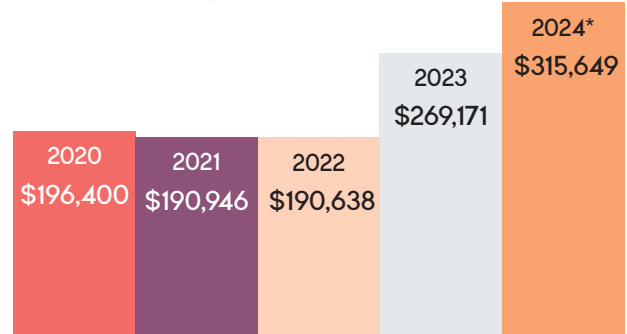
Revenue (\$ millions)



Net Profit after Tax (\$)



Fully Franked Dividend (\$)



*Fully Franked Dividend declared from profits in FY24.

The year in review

For year ending 30 June 2024



Strengthening our Community Support

Our objectives

Respond to identified needs for support in our community, with a particular focus on investing in local projects and initiatives that provide critical support services.

Increase our impact by extending our reach into communities that border our existing footprint.

Deepen our engagement with community groups who receive funds through our Community Investment Program.

Through our partnership with charity organisation, Inner East Community Support, identify new projects that will make a significant impact in our local community.

Our actions

We are committed to responding to the identified needs for support within our community. By actively listening and engaging with local organisations, we were able to direct significant funding to organisations providing support to people living with disabilities and other vulnerable members of our community. We provided grants to community groups in this sector, enabling them to deliver crucial community programs and initiatives.

We made a commitment to provide support to organisations in Kew East and surrounds. In the past 12 months we provided \$230,000 in grants and sponsorships to more than 20 community groups in this area. This expansion has allowed us to extend our support and services to this area, fostering growth and making a positive difference.

We enhanced our engagement activity with recipients of our Community Investment Program. By building stronger relationships and collaborating more closely, we can better support their efforts and amplify the impact of the funds we provide. We have successfully acquired new banking business through this engagement program.

The seed funding provided to Inner East Community Support (IECS) has set this charity up for success when they commence their grant program. Our partnership will have a lasting impact on the projects IECS support.

The year in review (continued)

Consolidating our Business

Our objectives

We will continue to seek opportunities for growth by increasing the number of banking products held by our existing customer base.

We will balance our promotion of lending products with everyday banking solutions to ensure our customers are aware of the broad competitive product offering we have.

We will ensure all our customers, new and existing are contacted and engaged by our branch staff.

We will continue our focus on staff development to address the challenges of staff retention.

Our actions

Our customer base increased over the past year, and these customers have also expanded their banking activities with us. We have seen a rise in the number of products held per customer, reflecting their growing engagement and trust in our services.

The competitive lending market and interest rate environment have influenced our growth over the past 12 months. Despite these challenges, our improved margin share and solid growth in previous years have ensured our profitability. This profit allows us to return substantial funds to community projects.

Our customer care program, delivered by our dedicated staff, maintained a high standard of consistency and quality. This enhances our customer retention and supports the acquisition of new products from our existing customer base.

We invested in our team's growth and professional development, we reviewed our reward and recognition program and are committed to fostering a supportive and engaging work environment.

Maintaining Relevance

Our objectives

We will ensure that our branch network is equipped with up-to-date technology to effectively meet customer needs and enhance their banking experience.

In response to the growth in digital transactions, we will promote our lending experts to local community groups and organisations.

We will respond to our customer needs by providing the right staff to support their needs.

Our actions

Over the past 12 months, we completed a full refurbishment of the Surrey Hills Branch. This branch now joins the Balwyn and Canterbury branches as part of our commitment to maintaining fully updated and modern facilities.

Our Ashburton Branch is now the only bank in the busy shopping precinct (when we opened this branch in 2008, there were six banks in the shopping strip).

We actively promoted our branch network and mobile lending team to community groups. This is ensuring their members and supporters engage directly with our lenders and benefit from our personalised support alongside our digital services.

We implemented more intensive servicing of our high-net-worth clients. With the growing demand for these services, we are dedicated to further developing and enhancing our Private Banking offerings to meet the evolving needs of our clients.



Community report

For year ending 30 June 2024

The impact of our community investment is far-reaching, with over \$9.5 million in support to the community since 2003. This significant contribution has enabled a wide range of positive outcomes, benefiting numerous local organisations, projects and initiatives.



While our expertise lies in delivering best-in-class financial services, our commitment to strengthening our community is at the very core of everything we do.

Our total Investment in our local community in the past 12 months is almost \$1.8 million. This is our largest contribution to our community since we opened our first branch in 2003. We provided 178 grants and sponsorships to local community organisations across five key sectors: community support; community welfare; community projects; education and sports clubs. We focus on organisations that aim to improve community links and provide services that benefit the local community.

As our investment into our community has increased significantly, there has been a strong focus in the past 12 months to support local organisations who improve the lives of residents, especially those living with disabilities and other vulnerable members of our community.

Through our grant program we have addressed local needs by providing funding to organisations who assist those most disadvantaged. With the increase in demand for food relief due to rising cost-of-living pressures, we have stepped in to support neighbourhood houses and welfare services, ensuring they can continue providing essential food relief. Additionally, we have funded the purchase of vehicles and vans for disability and welfare service providers, helping them deliver crucial services more effectively.

There are exceptional students in our community who are disadvantaged by their financial and family situations. Together with Education Chances, we have provided scholarships for 45 students attending local secondary schools. These scholarships provide students not only with financial assistance but a growth mindset and a motivation to pursue and achieve their potential.

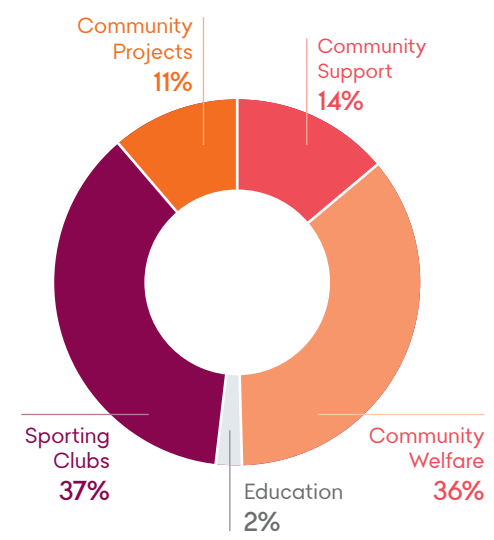
We support several local community festivals and events, partnering with event organisers, such as Trader Associations, to deliver events that promote connection and a positive impact for the shopping precincts.

Our commitment to grassroots sporting clubs remains strong. We understand the profound impact participation in sport has on individuals and communities. By providing funds for equipment, uniforms, and facility upgrades, we help sports clubs keep participation costs low. Further, we made a significant investment and developed a partnership with Sport and Life Training to deliver their programs to our local sporting clubs at no cost to the club.

We made a further contribution to Inner East Community Support bringing our seed funding to this charity to \$1.5 million.

All figures included in the Community Report are inclusive of GST.

2024 Community Investment by category



Please refer to our **2024 Community Impact Report** for full details on our Community Investment Program.

Director profiles



Bob Stensholt, Chair

(appointed February 2002)

BA, BD(Hons), M Int Law, Dip Phil

Bob has had an extensive career including roles as a senior diplomat, Assistant Director General for AusAID, senior research fellow, consultant and for over ten years as the state Member of Parliament for Burwood. Bob was most recently a Chief of Staff to a Victorian Government Minister and is currently involved in many local community organisations.

Committee member: Community Investment Committee, Audit and Governance Committee, Performance and Remuneration Committee and Finance Committee.



Neil Dalrymple, Deputy Chair

(appointed August 2023)

Neil was appointed as a Director in August 2023. Neil has an inclusive and pragmatic approach to sports administration; he is strongly committed to organisational transparency and good corporate governance and has been highly successful in his endeavours within Australian sport for nearly three decades. He is currently the CEO of World Bowls and has previously been the CEO of Bowls Australia, NT Cricket and Softball Australia. Neil has an excellent understanding of and strong commitment to the myriad health and wellbeing benefits engagement with sport has for all Australians, regardless of gender, background or ability.

Committee member: Community Investment Committee (Chair since November 2023) Audit and Governance Committee and Finance Committee.



Juliann Byron, Non-Executive Director

(appointed July 2004)

BCom, Grad Dip CM, FCPA, FAICD, AGIA

Juliann has extensive experience in the accounting and finance fields. She has also provided corporate secretarial, management and governance consulting services over many years, and is a Non-executive Director on public and not for profit company boards. Juliann was Chair for 11 years.

Committee member: Community Investment Committee, Finance Committee, Performance and Remuneration Committee (Chair since November 2023)



Nick Coker, Executive Director

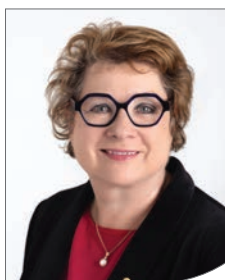
(appointed October 2022)

AdvDipFinServ(Plan), GAICD

Nick is the Chief Executive Officer and has been employed by IECF since 1 July 2009. He has been the CEO since June 2019 and previously held the role of Senior Manager. Nick is a long-term banking executive with over 30 years' experience in both retail and business banking.

Committee member: Community Investment Committee, Audit & Governance Committee and Finance Committee.

Director profiles (continued)



Coral Ross AM, Non-Executive Director

(appointed December 2022)

BA (Hons), CF, FAICD

Coral was appointed as a Director in December 2022. A professional journalist with more than 20 years' experience, Coral has had an esteemed career in local government. She was a councillor at the City of Boroondara, for more than 18 years and served as Mayor of the City of Boroondara three times. Coral is passionate about gender equality and is the Chair of the Australian Gender Equality Council and was previously the President of the Municipal Association of Victoria.

Coral was made a Member of the Order of Australia (AM) in the 2021 Queen's Birthday Honours. In 2019 Coral was inducted into the Victorian Women's Honour Roll and in 2014 she was named as one of the 100 Women of Influence by Westpac/Fairfax. She is also a Fellow of the Australian Institute of Company Directors.

Committee member: Community Investment Committee, Audit & Governance Committee, Performance and Remuneration Committee



Ian Dinnison, Treasurer

(appointed December 2016)

LLB, BEc

Ian has more than 35 years' experience in industry, government departments and professional services firms in financial and management roles. He is the Chair of the Finance Committee and attends the Board and Audit and Governance Committee meetings as required as a non-voting member.



Steve Miller, Company Secretary

(appointed October 2022)

LLB (Hons), Grad Dip Applied Corporate Governance, FGIA, FASFA

Steve has extensive experience in providing governance and corporate secretarial advice and consulting in the financial services industry and is legally qualified. He currently participates on the executive team of a large superannuation fund, contributing to its overall strategic direction and heading up the legal business area. Steve was also the fund's company secretary for many years, and prior to this, practised in law firms both in Australia and overseas.

Steve is the Chair of the Audit & Governance Committee.

Corporate governance statement

The Board and management of the Company are committed to ensuring that the Company is not only well managed, but also operates with the standard of ethics expected of a community focused organisation. As such, the Board and management are committed to both the principles of good corporate governance and its practical implementation. Corporate governance encompasses the policies, rules, relationships, systems and processes within and by which authority is exercised and controlled within corporations.

The Board is ultimately responsible for governance of the Company and ensuring that Directors, management and staff comply with the Company's ethical and operational standards.

The responsibilities of the Board include:

- Preparing the Company's strategy and objectives
- Supporting the interests of the local community
- Promoting and developing the Company's business interests
- Reviewing and approving the budgets and business plans prepared by management and Bendigo and Adelaide Bank
- Reviewing the performance of the Company against objectives, both financial and non-financial
- Liaising with Bendigo and Adelaide Bank Limited
- Ensuring that grants and sponsorships are appropriately managed
- Ensuring the effectiveness of the governance of the Company
- Ensuring the adequacy of the internal controls, procedures and policies of the Company; and
- Reporting to shareholders and other stakeholders.

Directors are required to attend all Board meetings unless prevented by other circumstances. The Board meets monthly, together with management, to review the performance of the business, assess its involvement in and support for community activities, review the activities of the Board Committees, monitor compliance with applicable legislation and other obligations, and discuss any other relevant matters. Additional meetings are convened as required to address specific matters. The Board also conducts regular planning sessions to review the Company's strategy and objectives and put in place action plans to achieve these objectives.

Policies and procedures to ensure compliance with the law

The Company's corporate governance practices and policies have been developed by taking into account applicable requirements and recommendations in such things as the:

- *Corporations Act 2001* (Cth)
- National Stock Exchange Listing Rules; and
- Bendigo and Adelaide Bank Franchise Agreement.

Accordingly, the Board has adopted the following governance strategies, policies and procedures to ensure that high ethical and operational standards are maintained by the Board, management and staff of the Company.

Board Governance Framework

The Board has identified and documented the roles and obligations of its Directors and Officers in a Board Governance Framework. The Board Governance Framework promotes ethical, considered and independent judgment of the matters before the Board, set out as a Code of Conduct. It highlights the statutory obligations of Directors and Officers generally and sets out the expectations that are placed on them in terms of the time dedicated to the Company's affairs.

Corporate governance statement (continued)

Regulatory and Compliance Calendar

The Company's regulatory and compliance requirements have been defined and listed in an annual regulatory and compliance calendar, which is regularly reviewed by the Audit and Governance Committee. The individual items due for completion are reported by the Company Secretary to the Board each month. The Company Secretary manages all NSX and ASIC reporting requirements, and monitors compliance with the Franchise Agreement and Company's Constitution.

Share Trading Policy

Relevant staff including Directors and Officers are not permitted to trade in the Company's shares except during two periods following the disclosure of the Company's accounts, and provided that they are not in possession of "Inside Information".

Privacy Policy

The requirements of the Australian Privacy Principles have been incorporated into a Privacy Policy that considers the privacy of shareholders, community groups and other stakeholders.

Audit and Governance Committee

This Board Committee has a special role in ensuring the Company complies with its corporate governance obligations and requirements. More details are set out below.

Policies and procedures to ensure the Board acts with due care and diligence and in the interests of its shareholders

Company structure

The Company does not have an extensive executive structure because of its scale and the desire of the Board to be directly connected to the local community. The executive consists of the Chief Executive Officer (CEO), Senior Manager, Marketing Manager, Company Treasurer and Company Secretary.

Due to the size and scale of the Company, Directors are heavily involved in many practical roles such as marketing and risk management that might otherwise be overseen by an executive in a larger company. Directors are not specifically remunerated for this (see details of this policy on page 18 of the Remuneration Report). The Board in conjunction with the Performance and Remuneration Committee monitors and reviews Director remuneration on at least a biennial basis.

To assist the Board in managing the business and achieve its objective of maintaining the highest standards of corporate governance, the Board delegates certain activities to Board Committees. Each of the Board Committees is comprised of Directors and assisted by selected staff. The Treasurer and Company Secretary are also members of certain Board Committees. The Board Committees meet as required to review their respective functions. Details of each Board Committee are provided below.

In addition, certain powers have been delegated by the Board to management to allow the Company to carry on its business in the most efficient manner. These delegated authorities are approved by the Board and include certain financial and non-financial matters. Management provides regular information to the Board in a concise and timely manner to enable the Board to review the operations of the Company and make informed decisions and discharge its duties. Where necessary, the Board will request further information.

The Board is ultimately responsible for ensuring integrity and serving its local community, while at the same time, protecting shareholder interests. At the date of this report, the Board consisted of five (5) Directors. It is the Board's policy that a majority of its Directors are independent. This is currently the case.

Board performance review

The Board Governance Framework identifies how the Board's performance is reviewed. The broad policy requires:

- a review to be conducted of the entire Board annually. This may be an externally facilitated review if the Board considers this necessary
- each Committee to conduct an annual review of its performance when reviewing its Terms of Reference; and
- the Chair to meet with each Director annually to review each Director's personal performance.

Corporate governance statement (continued)

The CEO has a documented performance plan that is approved by the Board annually for the following financial year and this is monitored by the Chair.

Role of the Board Chair

The Chair's role is defined in the Board Governance Framework and is responsible for a range of roles that deal with leadership of the Board and the Company generally. The principal role is to facilitate effective discussion and decision making at Board meetings of material relevant to the conduct of the Company. The Chair must be and is an independent, Non-executive Director.

Role of the Chief Executive Officer

The CEO provides leadership to programs that broadly include implementation of business and people and culture strategies, business growth, asset management, communications and community relations. The CEO is responsible for the banking operations and provides the Board with a direct link to Bendigo and Adelaide Bank and its systems and procedures.

Board appointments

The Board has prepared a Skills Matrix to identify the various skills and experience of its current Directors and to assist it to identify the skills that need to be recruited to the Board in the future. The Board does not have a standing Nominations Committee but may appoint a Nominations Committee from time to time when considering the appointment of a new Director. All new Directors must satisfy a comprehensive due diligence process that meets the requirements of the Company's and Bendigo and Adelaide Bank's risk management systems including police and background checks.

Directors are elected by shareholders for a maximum of three years with retirements on a rotating basis. The Chair, as part of their annual discussion with Directors, will canvas each Director's view of their future plans to remain on the Board. The Board considers succession planning for the Board, CEO and Senior Manager at least annually.

An induction procedure is in place to ensure all new Directors are able to learn as much about the Company as possible in a short time frame and contribute to the Board's functions as soon as possible.

The Board does not have a formal diversity policy because of the scale of the Company and the small geographic area the Company serves. The Board does have an aspiration to ensure diversity on the Board but is mindful that service on the Board is not remunerated on commercial terms and the limitations this creates.

Policies and procedures to identify and deal with conflicts of interest

The Company maintains a Register of Interests to record any material personal interests of each Director, Officer and the Chief Executive Officer on an ongoing basis. The register is managed by the Company Secretary and is tabled at each Board meeting. Every Board and Committee meeting also has a scheduled item a declaration of any actual or potential conflicts of interest ahead of the scheduled agenda items.

The Register of Interests is supported by a written policy on how actual and potential conflicts of interest must be managed. Those conflicted are required to abstain from discussion(s) on the conflicted issue. The policy also defines how a decision to obtain products or services from a Director must be taken, including ensuring that any transactions are on arm's length terms.

Policies and procedures to protect the interests of shareholders

The Board is committed to providing its shareholders with appropriate information regarding any matter that may materially affect the operation of the Company, or more generally considered by the Board to be in shareholders' best interests. The Company encourages its shareholders to attend and actively participate in the Annual General Meeting.

Communication procedures

The Company aims to provide timely and relevant information to shareholders throughout the year via its website <https://iecf.com.au/>

Corporate governance statement (continued)

The Company also releases a number of communications including dividend payment advices and notice of annual general meeting, which are sent directly to shareholders. It also writes directly to shareholders when the Board considers information is sufficiently important.

The Company applies a rigorous process regarding its continuous disclosure obligations in order to comply with the requirements of the Corporations Act. These disclosures are published on the NSX website at <https://www.nsx.com.au>. (company code: IEC).

The Company website includes an investor section with greater information resources. The Company recognises the importance of its Governance Framework and provides all stakeholders with access to this information on the website at <https://iecf.com.au/investor-relations/corporate-governance/>

Shareholders can access forms and assistance for the management of their shareholding from the Company's share registry provider, Boardroom Pty Limited at <http://www.boardroomlimited.com.au>.

Risk management

The Company has developed its own formal Risk Management System (RMS) and tools to identify and record the various risks to the Company and its business. The RMS is based on the international standard ISO 31000-2018 Risk Management and is monitored by the Audit and Governance Committee.

Bendigo and Adelaide Bank, as the franchisor to the Company, provides support for the development and implementation of the RMS. Bendigo and Adelaide Bank provides an internal audit system for the operational and lending risks to each branch and reports the results of these audit visits to the CEO, Senior Manager and the Board.

The Audit and Governance Committee monitors these reports and reviews the implementation of any recommended changes and meets with the CEO and Senior Manager at least every six months to discuss any trends in the internal audit findings. The Committee may also interview Bendigo and Adelaide Bank Audit staff from time to time to discuss the findings from these audits. It also monitors and reviews the Company's risks and risk appetite annually.

Policies and procedures to protect the interests of other stakeholders

All Committees have been established by the Board and each have written terms of reference. The Directors appointed to each Committee are set out on page 16 of Directors' Report.

The Board Committees and their major objectives are:

Audit and Governance Committee

To monitor the Company's overall risks and where appropriate, recommend changes to the Company's processes and systems.

Community Investment Committee

To facilitate community investment. It considers how these investments will contribute to the growth of the Company, how they can position our branches as the primary choice within their community for local banking and how we can promote their activities to the community. The Board has delegated the Committee with authority to approve sponsorships and grants up to \$30,000. Applications for more than this amount must be considered by the Board.

In addition, the Committee's terms of reference prohibit it from considering donations, grants or sponsorship for political or religious purposes, except in limited circumstances (such as fetes or events) for the purposes of tolerance and understanding. The Company has made no political donations during the 2023-24 financial year.

Finance Committee

To review, monitor and report on finance strategy and direction, financial performance and reporting, financial risk and investments of the Company, and review monthly revenue reports from Bendigo and Adelaide Bank.

Performance and Remuneration Committee

To manage policy issues regarding the Company's employees including remuneration policies, communication with the employees, reward programs and development pathways.

Directors' report

For the financial year ended 30 June 2024

Directors' Report

The Directors submit their report of the Company for the financial year ended 30 June 2024.

Directors' details

The names of the Company's Directors in office during the financial year and since the end of the financial year, including their skills, experience and responsibilities are set out on page 9 and 10.

Company secretary

Steve Miller was appointed Company Secretary on 10 October 2022. His skills and experience are set out on page 10.

Treasurer

Ian Dinnison was appointed Treasurer in December 2016. His skills and experience are set out on page 10.

Principal activities

The principal activities of the Company during the course of the financial period were in providing Community Bank branch services under management rights to operate four franchised branches of Bendigo and Adelaide Bank Limited in Canterbury, Surrey Hills, Ashburton and Balwyn, Victoria.

Operating and financial review

The review of operations is set out on page 6 and 7. Further details of the Company's results are provided in the financial statements on page 21 to 24.

Dividends

A fully franked dividend of 10 cents per share was declared and paid for the year ended 30 June 2023 on 6 October 2023. Subsequent to the end of the financial year, a fully franked dividend of 12 cents per share will be paid for the year ended 30 June 2024 on 4 October 2024.

Options

The Company has granted no options over issued shares at any time.

Significant changes in the state of affairs

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

Events subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that significantly affect or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future financial years.

Directors' report (continued)

Likely future developments

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

Environmental regulation

The Company is not subject to any significant environmental regulation.

Indemnification and insurance of Directors and Officers

The Company is required under its Constitution to indemnify each Officer (including each Director) of the Company out of assets of the Company to the relevant extent against any liability incurred by that Officer arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith.

The Company has Directors and Officers Insurance for the benefit of Officers of the Company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the Officer's duties. 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.

Directors' meeting attendance

The number of meetings of the Board and each Board Committee held during the financial year, and the number of meetings attended by each Director, are set out below:

| | Board meetings attended | | Committee meetings attended | | | | | | | |
|-----------------------------|-------------------------|----|-----------------------------|---|----------------------|---|---------|---|----------------------------|---|
| | | | Audit and Governance | | Community Investment | | Finance | | Performance & Remuneration | |
| Non-Executive Directors | E | A | E | A | E | A | E | A | E | A |
| Juliann Byron | 11 | 11 | 1 | 0 | 4 | 4 | 9 | 7 | 3 | 3 |
| Neil Dalrymple ¹ | 10 | 9 | 3 | 2 | 4 | 3 | 4 | 2 | - | - |
| Coral Ross | 11 | 9 | 3 | 3 | 4 | 2 | - | - | 1 | 1 |
| Bob Stensholt | 11 | 11 | 4 | 4 | 4 | 4 | 9 | 8 | 3 | 3 |
| Executive Director | | | | | | | | | | |
| Nick Coker | 11 | 8 | 3 | 3 | 4 | 4 | 9 | 9 | 1 | 1 |

E – eligible to attend A – number attended

1. Appointed as a Non-Executive Director effective 22 August 2023

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 intervene in any proceedings which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or any 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 amount paid or payable to the Auditor (RSD Audit) for non-audit services provided during the year ended 30 June 2024 was \$Nil (2022: \$Nil).

Directors' report (continued)

Remuneration Report

Remuneration policy

The remuneration policy of the Company has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific incentives based on key performance areas affecting the Company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain key management personnel to run and manage the Company, as well as create alignment between Directors, Executives and shareholders.

Non-Executive Director remuneration:

The Company's special position as a for-profit, community-based company places particular restrictions on how it should remunerate its Directors. The Board's policy is to remunerate Non-Executive Directors for their time, commitment and responsibilities. The amount paid is determined by the Board.

The Board's policy was last considered and approved by shareholders at the 2023 Annual General Meeting. The Company recognises that the expectation and role of Directors and Officers has increased significantly over the last few years, with the growth of the Company having also added to the responsibilities of the Directors and their potential liabilities.

The current fee is \$15,000 per annum. Each Non-Executive Director (together with the Treasurer and Company Secretary) is paid this fee plus a superannuation guarantee contribution required by the government.

Certain roles have a further fee attaching to them as some compensation for the additional work and resources provided by those serving in these positions. Currently, an additional fee applies to the following position:

| | |
|-------------|----------|
| Board Chair | \$20,000 |
|-------------|----------|

Fees for Non-Executive Directors are not linked to the performance of the Company.

CEO remuneration:

The remuneration of the CEO is determined by the Board. The remuneration of the CEO has been split into two parts. The first is a base salary plus a superannuation guarantee contribution required by the government, that is not contingent upon Company performance.

The second is a bonus, the quantum of which is approved by the Board following a review of the performance of the Company and various Key Performance Indicators set by the Board for the CEO. All bonuses must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving bonuses. Any changes must be justified by reference to measurable performance criteria. All remuneration is made on a cash basis.

The CEO is subject to annual performance reviews. The CEO is employed under an ongoing contract, and the period of notice required under the contract to terminate the employment is four weeks. The terms of this contract are not expected to change in the immediate future.

The Company did not engage any remuneration consultants in reviewing its remuneration structure for the 2024 financial year. From 1 July 2011, public companies have additional reporting obligations if they receive a 'no' vote of 25% or higher at their previous AGM. At the 2023 AGM, the Company recorded a 'no' vote of 8.7% (2022: 2.78%) on its remuneration report.

Key management personnel (KMP) remuneration

Remuneration of key management personnel for the years ended 30 June 2024 and 30 June 2023 is set out in the table below. For the purpose of Section 300A(1) of the *Corporations Act 2001*, the amount of each prescribed detail is nil unless set out in the table:

Directors' report (continued)

Remuneration Report (continued)

| | Financial year | Short term benefits | | Post employment benefits |
|-----------------------------|----------------|---------------------|----------|--------------------------|
| | | Cash salary/ fees | Bonuses | Superannuation |
| Juliann Byron ¹ | 2024 | \$17,083 | - | \$1,879 |
| | 2023 | \$30,000 | - | \$3,150 |
| Neil Dalrymple ² | 2024 | \$12,083 | - | \$1,329 |
| | 2023 | - | - | - |
| Coral Ross ³ | 2024 | \$13,125 | - | \$1,444 |
| | 2023 | \$5,833 | - | \$612 |
| Bob Stensholt ⁴ | 2024 | \$30,292 | - | \$3,332 |
| | 2023 | \$13,000 | - | \$1,365 |
| Nick Coker | 2024 | \$205,735 | \$17,208 | \$36,064 |
| | 2023 | \$196,125 | \$11,381 | \$36,250 |

1. Director stood down as Board Chair, effective from 31 August 2023.

2. Appointed as a Non-Executive Director effective from 22 August 2023.

3. Appointed as a Non-Executive Director effective from 5 December 2022.

4. Director appointed as Board Chair, effective from 1 September 2023

Other officer remuneration – non-KMP

Remuneration of other non-KMP officers for the years ended 30 June 2024 and 30 June 2023 is set out in the table below. The amount of each detail is nil unless set out in the table.

| | Financial year | Short term benefits | | Post employment benefits |
|---|----------------|---------------------|---------|--------------------------|
| | | Cash salary/ fees | Bonuses | Superannuation |
| Ian Dinnison – Treasurer | 2024 | \$13,125 | - | \$1,444 |
| | 2023 | \$10,000 | - | \$1,050 |
| Steve Miller – Company Secretary ⁵ | 2024 | \$13,125 | - | \$1,444 |
| | 2023 | \$6,667 | - | \$700 |

5. Appointed as Company Secretary effective from 10 October 2022

Key management personnel (KMP) shareholdings

Key management personnel held the following interests in the Company as at 30 June 2024. The amount of each detail is nil unless set out in the table.

| Fully paid ordinary shares | | | |
|-----------------------------|--|-------------------------|---------------------------------------|
| Name | Balance at start of year (1 July 2023) | Changes during the year | Balance at end of year (30 June 2024) |
| Juliann Byron | 28,100 | - | 28,100 |
| Neil Dalrymple ¹ | - | 1,100 | 1,100 |
| Coral Ross | 1,100 | 2,200 | 3,300 |
| Bob Stensholt | 20,350 | - | 20,350 |
| Nick Coker | 7,650 | - | 7,650 |

1. Starting shareholding balance at appointment date – 22 August 2023

Directors' report (continued)

Remuneration Report (continued)

Other officer shareholdings – non KMP

Other non-KMP officers held the following interests in the Company as at 30 June 2024. The amount of each detail is nil unless set out in the table.

| Name | Fully paid ordinary shares | | |
|----------------------------------|--|-------------------------|---------------------------------------|
| | Balance at start of year (1 July 2023) | Changes during the year | Balance at end of year (30 June 2024) |
| Ian Dinnison - Treasurer | 24,700 | 4,400 | 29,100 |
| Steve Miller – Company Secretary | - | - | - |

Loans to key management personnel

There were no loans to key management personnel during the current or prior reporting period.

Auditor Independence Declaration

The Auditor Independence Declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20. No Officer of the Company is or has been a partner of the Auditor of the Company.

Signed in accordance with a resolution of the Directors in Melbourne on 28 August 2024.



Bob Stensholt
Chair

Auditor's independence declaration



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Bendigo, Victoria
PO Box 448, Bendigo, VIC, 3552

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Auditors Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Inner East Community Finance 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 Inner East Community Finance 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

A handwritten signature in black ink, appearing to read 'Mahesh Silva', written over a horizontal line.

Mahesh Silva
Partner
41A Breen Street
Bendigo VIC 3550

Dated: 3 September 2024

Financial statements

Statement of Profit or Loss and Other Comprehensive Income For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--|------|--------------------|--------------------|
| Revenue | | | |
| Revenue from contracts with customers | 7 | 8,070,612 | 8,186,708 |
| Finance income | 8 | 171,608 | 39,502 |
| Other revenue | | 29,315 | - |
| | | 8,271,535 | 8,226,210 |
| Expenses | | | |
| Employee benefits expense | 9 | (3,632,506) | (2,668,910) |
| Depreciation and amortisation | 9 | (1,077,968) | (655,780) |
| Administration and general costs | | (739,280) | (597,809) |
| Occupancy expenses | | (225,232) | (227,054) |
| | | (5,674,986) | (4,149,553) |
| Operating profit before community investments and sponsorships | | 2,596,549 | 4,076,657 |
| Community investments and sponsorships | 9 | (1,649,194) | (1,317,851) |
| Profit before income tax | | 947,355 | 2,758,806 |
| Income tax expense | 10 | (396,521) | (729,171) |
| Profit for the year after income tax | | 550,834 | 2,029,635 |
| Other comprehensive income | | | |
| Total comprehensive income for the year | | 550,834 | 2,029,635 |
| Profit attributable to the ordinary shareholders of the company | | 550,834 | 2,029,635 |
| Total comprehensive income attributable to ordinary shareholders of the company | | 550,834 | 2,029,635 |
| Earnings per share | | ¢ | ¢ |
| - basic and diluted earnings per share | 29 | 20.76 | 74.95 |

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Financial Position For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|--------------------------------------|------|-------------------|------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 11 | 1,859,313 | 1,059,720 |
| Trade and other receivables | 12 | 724,204 | 883,023 |
| Financial assets | 13 | 2,600,000 | 2,100,000 |
| Other assets | 14 | 182,661 | 126,121 |
| Total current assets | | 5,366,178 | 4,168,864 |
| Non-current assets | | | |
| Property, plant and equipment | 15 | 1,146,733 | 1,030,221 |
| Right-of-use assets | 16 | 2,792,569 | 2,149,073 |
| Intangible assets | 17 | 1,317,761 | 1,761,023 |
| Deferred tax assets | 18 | 98,677 | - |
| Total non-current assets | | 5,355,740 | 4,940,317 |
| Total assets | | 10,721,918 | 9,109,181 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 19 | 1,225,479 | 452,991 |
| Current tax liability | 18 | 628,006 | 754,931 |
| Lease liabilities | 20 | 290,560 | 209,817 |
| Employee benefits | 21 | 358,555 | 237,691 |
| Total current liabilities | | 2,502,600 | 1,655,430 |
| Non-current liabilities | | | |
| Trade and other payables | 19 | 78,875 | - |
| Lease liabilities | 20 | 2,709,427 | 2,124,326 |
| Employee benefits | 21 | 42,698 | 15,963 |
| Deferred tax liability | 18 | - | 132,807 |
| Total non-current liabilities | | 2,831,000 | 2,273,096 |
| Total liabilities | | 5,333,600 | 3,928,526 |
| Net assets | | 5,388,318 | 5,180,655 |
| Equity | | | |
| Issued capital | 22 | 1,134,177 | 1,208,927 |
| Retained earnings | 23 | 4,254,141 | 3,971,728 |
| Total equity | | 5,388,318 | 5,180,655 |

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Changes in Equity For the year ended 30 June 2024

| | Note | Issued capital \$ | Retained earnings \$ | Total equity \$ |
|---|------|-------------------------|----------------------------|-----------------------|
| Balance at 1 July 2022 | | 1,226,767 | 2,131,761 | 3,358,528 |
| Comprehensive income for the year | | | | |
| Profit for the year | | - | 2,029,635 | 2,029,635 |
| Transactions with owners in their capacity as owners | | | | |
| Share buy-backs | | (17,840) | | (17,840) |
| Dividends paid or provided | 28 | - | (189,668) | (189,668) |
| Balance at 30 June 2023 | | 1,208,927 | 3,971,728 | 5,180,655 |
| Balance at 1 July 2023 | | 1,208,927 | 3,971,728 | 5,180,655 |
| Comprehensive income for the year | | | | |
| Profit for the year | | - | 550,834 | 550,834 |
| Transactions with owners in their capacity as owners | | | | |
| Share buy-backs | | (74,750) | - | (74,750) |
| Dividends paid or provided | 28 | - | (268,421) | (268,421) |
| Balance at 30 June 2024 | | 1,134,177 | 4,254,141 | 5,388,318 |

The accompanying notes form part of these financial statements

Financial statements (continued)

Statement of Cash Flows For the year ended 30 June 2024

| | Note | 2024 \$ | 2023 \$ |
|---|------------|------------------|--------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 8,608,704 | 8,354,584 |
| Payments to suppliers and employees | | (5,645,110) | (5,035,019) |
| Interest paid | | (101,513) | (96,304) |
| Interest received | | 171,608 | 39,502 |
| Income tax paid | | (754,930) | 40,918 |
| Net cash flows provided by operating activities | 24b | 2,278,759 | 3,303,681 |
| Cash flows from investing activities | | | |
| Purchase of property, plant and equipment | | (259,190) | (6,633) |
| Purchase of investments | | (500,000) | (569,864) |
| Purchase of intangible assets | | (78,890) | (1,641,781) |
| Net cash flows used in investing activities | | (838,080) | (2,218,278) |
| Cash flows from financing activities | | | |
| Repayment of lease liabilities | | (297,915) | (266,892) |
| Payment for share buy-back | | (74,750) | (17,840) |
| Dividends paid | | (268,421) | (189,668) |
| Net cash flows used in financing activities | | (641,086) | (474,400) |
| Net increase in cash held | | 799,593 | 611,003 |
| Cash and cash equivalents at beginning of financial year | | 1,059,720 | 448,717 |
| Cash and cash equivalents at end of financial year | 24a | 1,859,313 | 1,059,720 |

The accompanying notes form part of these financial statements

Notes to the financial statements

For the year ended 30 June 2024

Note 1. Corporate Information

These financial statements and notes represent those of Inner East Community Finance Ltd (the Company) as an individual entity. Inner East Community Finance Ltd is a company limited by shares, incorporated and domiciled in Australia. The financial statements were authorised for issue by the Directors on 28th August 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 26.

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, where 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

During the year, the Company consolidated the four franchise agreements that it previously had with Bendigo and Adelaide Bank Limited (Bendigo Bank) into a single agreement that governs the management of its branches at Canterbury, Surrey Hills, Ashburton and Balwyn.

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

All transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

(b) Revenue From Contracts With Customers

The Company has entered into a franchise agreement with Bendigo Bank that 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.

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

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

| Revenue | Includes | Performance Obligation | Timing of Recognition |
|----------------------------------|-----------------------------------|---|--|
| Franchise agreement profit share | Margin, commission and fee income | When the Company satisfies its obligation to arrange the services to be provided to the customer by the supplier (Bendigo Bank) | 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).

(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.

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

(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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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 ATO 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 ATO.

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 ATO 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 lives, 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 | 10 years |
| Plant & equipment | Diminishing value | 5-12 years |

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 Bank conveying the right to operate the Community Bank franchise and goodwill from the purchase of the rights to income from footings.

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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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

| Asset Class | Method | Useful Life |
|-------------|---------------|-------------|
| Goodwill | Straight line | 3-5 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 and leases.

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 treated as Fair Value Through Profit and Loss (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.

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 Solely Payments of Principle and Interest (SPPI) on the principal amount outstanding.

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.

Financial Liabilities - Classification, Subsequent Measurement, Gains & Losses

Borrowings and other financial liabilities (including trade payables) are classified as measured at amortised cost. 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.

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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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

The Company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 14 days post month end. The Company performed a historical assessment of receivables from Bendigo 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.

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. 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.

Notes to the financial statements (continued)

Note 3. Summary of Significant Accounting Policies (continued)

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 not been a party in an arrangement where it is a lessor.

(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.

(n) Comparative Figures

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

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 20 - 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: <ul style="list-style-type: none">· 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:

Notes to the financial statements (continued)

Note 4. Significant Accounting Judgements, Estimates & Assumption (continued)

| Note | Assumption |
|--|---|
| Note 18 - Recognition of deferred tax assets | Availability of future taxable profit against which deductible temporary differences and carried-forward tax losses can be utilised |
| Note 15 - Estimation of asset useful lives | Key assumptions on historical experience and the condition of the asset |
| Note 21 - 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 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-Jun-24 | Contractual Cash Flows | | | |
|------------------------------------|------------------------|-------------|-------------|-----------|
| Non-derivative Financial Liability | Carrying Amount | < 12 Months | 1 - 5 Years | > 5 Years |
| Lease liabilities | 2,999,987 | 393,593 | 1,520,517 | 1,635,415 |

(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.

Notes to the financial statements (continued)

Note 5. Financial Risk Management (continued)

Cash Flow & Fair Values Interest Rate Risk

Interest-bearing assets are held with Bendigo 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 \$1,059,720 at 30 June 2024 (2023: \$448,717). The cash and cash equivalents are held with Bendigo 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 community investments and sponsorships. Community investments and sponsorships 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 Bank. 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 | 8,070,612 | 8,186,708 |
| <i>Disaggregation of Revenue From Contracts With Customers</i> | | |
| - Margin income | 7,511,513 | 7,743,188 |
| - Fee income | 211,990 | 171,004 |
| - Commission income | 347,109 | 272,516 |
| | 8,070,612 | 8,186,708 |

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 (continued)

Note 8. Finance Income

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

| | 2024 \$ | 2023 \$ |
|---|----------------|---------------|
| Finance Income | | |
| - Interest from term deposits and savings account | 171,608 | 39,502 |
| | 171,608 | 39,502 |

Note 9. Expenses

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

(a) Employee Benefits Expense

| | 2024 \$ | 2023 \$ |
|---------------------------------------|------------------|------------------|
| <i>Employee Benefits Expense</i> | | |
| - Wages and salaries | 2,923,105 | 2,250,960 |
| - Superannuation costs | 323,675 | 243,030 |
| - Other expenses related to employees | 385,726 | 174,920 |
| | 3,632,506 | 2,668,910 |

(b) Depreciation and Amortisation Expense

| | 2024 \$ | 2023 \$ |
|--|------------------|----------------|
| <i>Depreciation of Non-current Assets</i> | | |
| - Leasehold improvements | 124,489 | 123,471 |
| - Plant and equipment | 18,189 | 16,024 |
| | 142,678 | 139,495 |
| <i>Depreciation of Right-of-use Assets</i> | | |
| - Leased buildings | 320,263 | 315,323 |
| | 320,263 | 315,323 |
| <i>Amortisation of Intangible Assets</i> | | |
| - Franchise fees | 51,077 | 56,741 |
| - Goodwill | 563,950 | 144,221 |
| | 615,027 | 200,962 |
| Total depreciation and amortisation expense | 1,077,968 | 655,780 |

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).

Notes to the financial statements (continued)

Note 9. Expenses (continued)

(c) Community Investments and Sponsorship

Under the Community Bank model, the Company provides community investment and sponsorships to local organisations.

| | 2024 \$ | 2023 \$ |
|--|------------------|------------------|
| <i>Community Investments and Sponsorships</i> | | |
| - Direct sponsorship and grant payments | 1,449,194 | 567,851 |
| - Contribution to Inner East Community Support Ltd | 200,000 | 750,000 |
| | 1,649,194 | 1,317,851 |

Inner East Community Support Ltd will distribute funds for charitable purposes throughout the Inner East Melbourne community.

Note 10. 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 | 628,006 | 754,931 |
| Deferred tax expense | (231,485) | (33,361) |
| Under / (over) provision of prior years | - | 7,601 |
| | 396,521 | 729,171 |

(b) Prima Facie Tax Payable

The prima facie tax on profit 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%) | 236,839 | 689,702 |
| <i>Add Tax Effect Of:</i> | | |
| - Non-deductible expenses | 14,768 | 1,000 |
| - Goodwill amortisation | 140,988 | 30,868 |
| - Under / (over) provision of prior years | - | 7,601 |
| - Temporary differences | 235,411 | 33,361 |
| - Movement in deferred tax | (231,485) | (33,361) |
| Income tax attributable to the entity | 396,521 | 729,171 |
| The applicable weighted average effective tax rate is: | 41.86% | 26.43% |

Notes to the financial statements (continued)

Note 11. Cash and Cash Equivalents

| | 2024 \$ | 2023 \$ |
|--------------------------|------------------|------------------|
| Cash at bank and on hand | 1,859,313 | 258,076 |
| Short-term bank deposits | | 801,644 |
| | 1,859,313 | 1,059,720 |

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 12. Trade and Other Receivables

| | 2024 \$ | 2023 \$ |
|-------------------|----------------|----------------|
| Current | | |
| Trade receivables | 724,204 | 883,023 |
| | 724,204 | 883,023 |

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 Bank monthly profit share distribution, which is deposited within 14 days each month. There are no items that require the application of the lifetime expected credit loss model.

Note 13. Financial Assets

| | 2024 \$ | 2023 \$ |
|--------------------------|------------------|------------------|
| <i>At Amortised Cost</i> | | |
| Term deposits | 2,600,000 | 2,100,000 |
| | 2,600,000 | 2,100,000 |

Term deposits classified as financial assets include only those with a maturity period greater than three months.

Note 14. Other Assets

| | 2024 \$ | 2023 \$ |
|------------------|----------------|----------------|
| Security bond | 98,760 | 98,760 |
| Accrued interest | 83,901 | 27,361 |
| | 182,661 | 126,121 |

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.

Notes to the financial statements (continued)

Note 15. Property, Plant and Equipment

(a) Carrying Amounts

| | 2024 \$ | | | 2023 \$ | | |
|------------------------|------------------------|-----------------------------|-----------------------|------------------------|-----------------------------|-----------------------|
| | At Cost / Valuation | Accumulated Depreciation | Written Down Value | At Cost / Valuation | Accumulated Depreciation | Written Down Value |
| Leasehold improvements | 1,459,645 | (359,402) | 1,100,243 | 1,227,451 | (234,913) | 992,538 |
| Plant & equipment | 388,993 | (342,503) | 46,490 | 361,997 | (324,314) | 37,683 |
| Total | 1,848,638 | (701,905) | 1,146,733 | 1,589,448 | (559,227) | 1,030,221 |

(b) Movements in Carrying Amounts

| | Leasehold Imp. \$ | Plant & Equipment \$ |
|-------------------------------|-------------------------|----------------------------|
| 2024 | | |
| Opening carrying value | 992,538 | 37,683 |
| Additions | 232,194 | 26,996 |
| Disposals | - | - |
| Depreciation expense | (124,489) | (18,189) |
| Closing carrying value | 1,100,243 | 46,490 |
| 2023 | | |
| Opening carrying value | 1,116,009 | 47,074 |
| Additions | - | 6,633 |
| Disposals | - | - |
| Depreciation expense | (123,471) | (16,024) |
| Closing carrying value | 992,538 | 37,683 |

(c) Capital Expenditure Commitments

The Company 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.

Note 16. 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.

Notes to the financial statements (continued)

Note 16. Right-of-use Assets (continued)

AASB 16 Amounts Recognised in the Statement of Financial Position

| | 2024 \$ | 2023 \$ |
|--------------------------|---------------------------|---------------------------|
| | Leased Buildings \$ | Leased Buildings \$ |
| Leased asset | 3,815,147 | 3,267,607 |
| Accumulated Depreciation | (1,022,578) | (1,118,534) |
| | 2,792,569 | 2,149,073 |

Movements in carrying amounts:

| | Leased Buildings \$ |
|----------------------------|---------------------------|
| 2024 | |
| Opening carrying value | 2,149,073 |
| Additions | 963,759 |
| Depreciation expense | (320,263) |
| Net carrying amount | 2,792,569 |
| 2023 | |
| Opening carrying value | 2,464,396 |
| Additions | - |
| Depreciation expense | (315,323) |
| Net carrying amount | 2,149,073 |

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 | 320,263 | 315,323 |
| Interest expense on lease liabilities | 101,513 | 96,304 |

Note 17. Intangible Assets

(a) Carrying Amounts

| | 2024 | | | 2023 | | |
|----------------|------------------------|-----------------------------|-----------------------|------------------------|-----------------------------|-----------------------|
| | At Cost / Valuation | Accumulated Amortisation | Written Down Value | At Cost / Valuation | Accumulated Amortisation | Written Down Value |
| Franchise fees | 965,224 | (736,334) | 228,890 | 793,459 | (685,257) | 108,202 |
| Goodwill | 1,812,001 | (723,130) | 1,088,871 | 1,812,001 | (159,180) | 1,652,821 |
| | 2,777,225 | (1,459,464) | 1,317,761 | 2,605,460 | (844,437) | 1,761,023 |

Notes to the financial statements (continued)

Note 17. Intangible Assets (continued)

(b) Movements in Carrying Amounts

| | Franchise Fees \$ | Goodwill \$ |
|-------------------------------|----------------------|------------------|
| 2024 | | |
| Opening carrying value | 108,202 | 1,652,821 |
| Additions | 171,765 | - |
| Disposals | - | - |
| Amortisation expense | (51,077) | (563,950) |
| Closing carrying value | 228,890 | 1,088,871 |
| 2023 | | |
| Opening carrying value | 35,163 | 285,041 |
| Additions | 129,780 | 1,512,001 |
| Disposals | - | - |
| Amortisation expense | (56,741) | (144,221) |
| Closing carrying value | 108,202 | 1,652,821 |

Note 18. Tax Assets and Liabilities

(a) Current Tax

| | 2024 \$ | 2023 \$ |
|--------------------|------------|------------|
| Income tax payable | 628,006 | 754,931 |

(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 \$ | 30 June 2024 \$ |
|---------------------------------------|-----------------------|------------------------------|-----------------------|
| <i>Deferred Tax Assets</i> | | | |
| - Expense accruals | 13,967 | 181,457 | 195,424 |
| - Employee provisions | 63,414 | 36,899 | 100,313 |
| Total deferred tax assets | 77,381 | 218,356 | 295,737 |
| <i>Deferred Tax Liabilities</i> | | | |
| - Right-of-use assets | 46,267 | 512 | 46,779 |
| - Accrued income | (6,840) | (14,135) | (20,975) |
| - Property, plant & equipment | (249,615) | 26,751 | (222,864) |
| Total deferred tax liabilities | (210,188) | 13,128 | (197,060) |
| Net deferred tax Asset | (132,807) | 231,484 | 98,677 |

Notes to the financial statements (continued)

Note 18. Tax Assets and Liabilities (continued)

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

| | 30 June 2022 \$ | Recognised in P & L \$ | 30 June 2023 \$ |
|---------------------------------------|--------------------|------------------------------|--------------------|
| <i>Deferred Tax Assets</i> | | | |
| - Expense accruals | 8,496 | 5,471 | 13,967 |
| - Carried forward losses | 48,519 | (48,519) | - |
| - Employee provisions | 72,260 | (8,846) | 63,414 |
| Total deferred tax assets | 129,275 | (51,894) | 77,381 |
| <i>Deferred Tax Liabilities</i> | | | |
| - Right-of-use assets | 34,160 | 12,107 | 46,267 |
| - Accrued income | (765) | (6,075) | (6,840) |
| - Property, plant & equipment | (280,320) | 30,705 | (249,615) |
| Total deferred tax liabilities | (246,925) | 36,737 | (210,188) |
| Net deferred tax liabilities | (117,650) | (15,157) | (132,807) |

Note 19. Trade and Other Payables

| | 2024 \$ | 2023 \$ |
|------------------------------|------------------|----------------|
| Current | | |
| Trade creditors | 75,646 | 88,792 |
| Other creditors and accruals | 1,149,833 | 364,199 |
| | 1,225,479 | 452,991 |
| Non-Current | | |
| Other creditors and accruals | 78,875 | - |
| | 78,875 | - |

Trade and other payables represent the liabilities for goods and services received by the Company 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 20. 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 4.39%.

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.

Notes to the financial statements (continued)

Note 20. Lease Liabilities (continued)

(a) Lease Portfolio

The Company's lease portfolio includes:

| Lease | Details |
|------------------------|---|
| Ashburton Branch | The lease agreement is a non-cancellable lease with an initial term of three years which commenced in October 2023. The lease has two further three year extension options available. |
| Balywn Branch | The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2021. The lease has two further five year extension options available. |
| Canterbury Head Office | The lease agreement is a non-cancellable lease with an initial term of five years which commenced in August 2023. The lease has one further five year extension option available. |
| Canterbury Branch | The lease agreement is a non-cancellable lease with an initial term of five years which commenced in April 2020. The lease has two further five year extension options available. |
| Surrey Hills Branch | The lease agreement is a non-cancellable lease with an initial term of three years which commenced in March 2023. The lease has one further three year 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 | 290,560 | 209,817 |
| Non-current | 2,709,427 | 2,124,326 |

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

| | Minimum lease payments due | | | | Total |
|---------------------------|----------------------------|----------------|----------------|------------------|------------------|
| | < 1 Year | 1 - 2 Years | 3 - 5 Years | > 5 years | |
| 30-Jun-24 | | | | | |
| Lease payments | 393,593 | 396,303 | 1,124,214 | 1,635,415 | 3,549,525 |
| Finance charges | (102,314) | (91,788) | (209,046) | (146,390) | (549,538) |
| Net present values | 291,279 | 304,515 | 915,168 | 1,489,025 | 2,999,987 |
| 30-Jun-23 | | | | | |
| Lease payments | 292,158 | 266,410 | 806,086 | 1,439,688 | 2,804,341 |
| Finance charges | (75,805) | (70,373) | (165,072) | (158,949) | (470,198) |
| Net present values | 216,353 | 196,037 | 641,014 | 1,280,739 | 2,334,143 |

Notes to the financial statements (continued)

Note 21. Employee Benefits

| | 2024 \$ | 2023 \$ |
|----------------------------------|----------------|----------------|
| Current | | |
| Provision for annual leave | 197,102 | 188,193 |
| Provision for long service leave | 161,453 | 49,498 |
| | 358,555 | 237,691 |
| Non-Current | | |
| Provision for long service leave | 42,698 | 15,963 |
| | 42,698 | 15,963 |

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 22. Issued Capital

(a) Issued Capital

| | 2024 | | 2023 | |
|--|------------------|------------------|------------------|------------------|
| | Number | \$ | Number | \$ |
| Ordinary shares - fully paid | 2,691,707 | 1,208,927 | 2,709,547 | 1,226,767 |
| Less: shares bought back during the year | (61,300) | (74,750) | (17,840) | (17,840) |
| | 2,630,407 | 1,134,177 | 2,691,707 | 1,208,927 |

Ordinary shares are classified as equity.

(b) Movements in share capital

| | 2024 Number | 2023 Number |
|---|------------------|------------------|
| <i>Fully paid ordinary shares:</i> | | |
| At the beginning of the reporting period | 2,691,707 | 2,709,547 |
| Shares bought back during the year | (61,300) | (17,840) |
| At the end of the reporting period | 2,630,407 | 2,691,707 |

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 23. Retained Earnings

| | Note | 2024 \$ | 2023 \$ |
|---|------|------------------|------------------|
| Balance at the beginning of the reporting period | | 3,971,728 | 2,131,761 |
| Profit for the year after income tax | | 550,834 | 2,029,635 |
| Dividends paid | 28 | (268,421) | (189,668) |
| Balance at the end of the reporting period | | 4,254,141 | 3,971,728 |

Notes to the financial statements (continued)

Note 24. 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 | 11 | 1,859,313 | 1,059,720 |
| As per the Statement of Cash Flows | | 1,859,313 | 1,059,720 |

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

| | 2024 \$ | 2023 \$ |
|---|------------------|------------------|
| Profit for the year after income tax | 550,834 | 2,029,635 |
| Non-cash flows in profit | | |
| - Depreciation | 462,941 | 454,818 |
| - Amortisation | 615,027 | 200,962 |
| Changes in assets and liabilities | | |
| - (Increase) / decrease in trade and other receivables | 158,818 | (389,292) |
| - (Increase) / decrease in prepayments and other assets | (56,540) | (24,301) |
| - Increase / (decrease) in trade and other payables | 758,489 | 297,158 |
| - (Increase) / decrease in deferred tax liabilities | (231,484) | 15,157 |
| - Increase / (decrease) in current tax liability | (126,925) | 754,931 |
| - Increase / (decrease) in provisions | 147,599 | (35,387) |
| Net cash flows from operating activities | 2,278,759 | 3,303,681 |

Note 25. 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 | 12 | 724,204 | 883,023 |
| Cash and cash equivalents | 11 | 1,859,313 | 1,059,720 |
| Term deposits | 13 | 2,600,000 | 2,100,000 |
| | | 5,183,517 | 4,042,743 |
| Financial Liabilities | | | |
| Trade and other payables | 19 | 1,304,354 | 452,991 |
| Lease liabilities | 20 | 2,999,987 | 2,334,143 |
| | | 4,304,341 | 2,787,134 |

Note 26. 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 and the Chief Executive Officer who are listed in the Directors' Report.

Notes to the financial statements (continued)

Note 26. Related Parties (continued)

(b) Key Management Personnel Compensation

| | 2024 \$ | 2023 \$ |
|--|----------------|----------------|
| Short-term employee benefits | 295,526 | 275,505 |
| Post-employment benefits | 44,048 | 43,390 |
| Total key management personnel compensation | 339,574 | 318,895 |

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 the Executive Director.

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.

(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 provides goods and services under normal terms and conditions, from related parties as follows:

| Name of Related Party | Description of Goods or Services Provided | Value \$ |
|----------------------------------|---|-------------|
| Inner East Community Support Ltd | Grant | 200,000 |
| Ashburton Traders Association | Grant / Sponsorship | 16,750 |
| The Edge Community Fund | Grant | 4,000 |
| Eastern Cricket Association | Grant | 5,000 |

(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 Directors' Report.

(f) Other Key Management Transactions

During the year, the Company redirected funds of \$594,554 that were previously placed in the Community Enterprise Foundation to Inner East Community Support Ltd.

(g) Other Officer - non Key Management Personnel Compensation and Shareholdings

The Company has identified the Company Secretary and Treasurer as Officers - non KMP.

| | 2024 \$ | 2023 \$ |
|---|---------------|---------------|
| Short-term employee benefits | 26,250 | 16,667 |
| Post-employment benefits | 2,888 | 1,750 |
| Total Officer - non KMP Compensation | 29,138 | 18,417 |

The number of ordinary shares in the Company held by each Officer - non KMP during the financial year has been disclosed in the Directors' Report.

Notes to the financial statements (continued)

Note 27. Auditor's Remuneration

The appointed auditor of Inner East Community Finance 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 \$ |
|--|--------------|--------------|
| <i>Audit & Review Services</i> | | |
| Audit and review of financial statements (RSD Audit) | 6,791 | 5,409 |
| Total auditor's remuneration | 6,791 | 5,409 |

Note 28. 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 | - | 268,421 | - | 189,668 |
| Dividends provided for and paid during the year | - | 268,421 | - | 189,668 |

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

Note 29. 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 | 550,834 | 2,029,635 |
| | Number | Number |
| Weighted average number of ordinary shares | 2,653,791 | 2,708,060 |
| | ¢ | ¢ |
| Basic and diluted earnings per share | 20.76 | 74.95 |

Note 30. 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 31. Commitments & Contingencies

Any commitments for future expenditure associated with leases are recorded in Note 20. Details about any capital commitments are detailed in Note 15(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.

Notes to the financial statements (continued)

Note 32. Company Details

The registered office of the Company is:

| | |
|----------------------------------|--|
| Inner East Community Finance Ltd | Shop 2, 143 Maling Road, Canterbury Vic 3126 |
|----------------------------------|--|

The principal places of business are:

| | |
|---------------------|---------------------------------------|
| Ashburton Branch | 241 High Street, Ashburton Vic 3147 |
| Balwyn Branch | 278 Whitehorse Road, Balwyn Vic 3103 |
| Canterbury Branch | 145 Maling Road, Canterbury Vic 3126 |
| Surrey Hills Branch | 107 Union Road, Surrey Hills Vic 3127 |

Consolidated Entity Disclosure Statement

As at 30 June 2024

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

Inner East Community Finance 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.

Directors' declaration

For the financial year ended 30 June 2024

In accordance with a resolution of the directors of Inner East Community Finance 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 entity disclosure statement on page 46 is true and correct.

This declaration is made in accordance with a resolution of the Board of Directors.



Bob Stensholt
Chair

Dated this 2 September 2024

Independent audit report



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Bendigo, Victoria
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INNER EAST COMMUNITY FINANCE LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Inner East Community Finance 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 Inner East Community Finance 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

RSD Audit Pty Ltd
ABN 85 619 186 908

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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

A handwritten signature in black ink, appearing to read 'Mahesh Silva', with a long horizontal stroke extending to the right.

Mahesh Silva

Partner

Bendigo

Dated: 3 September 2024

NSX report

Additional Information

In accordance with National Stock Exchange Listing Rule 6.9, the Company provides the following information as at 30 June 2024:

- (a) The principal activities of the Company are set out on page 15.
- (b) The Company has established Inner East Community Support Limited, a company limited by guarantee, and is its sole member. IECS has been established with a charitable purpose.
- (c) The interests of each Director and Officer in the Company are set out on page 18.
- (d) The accounts presented with this report do not differ materially from any forecast previously issued by the Company.
- (e) There are no service contracts for Directors that are proposed for election at the forthcoming Annual General Meeting.
- (f) No Director holds any right to subscribe to equity or debt securities of the Company.
- (g) No Director has a material interest in contracts or proposed contracts with the Company.
- (h) There are no arrangements under which a Director has waived or agreed to waive any emoluments.
- (i) There are no arrangements under which a shareholder has waived or agreed to waive any dividends.
- (j) Five year comparative table of financial results

| | 2024 (\$) | 2023 (\$) | 2022 (\$) | 2021 (\$) | 2020 (\$) |
|---|------------|-----------|-----------|-----------|-----------|
| Profit & Loss | | | | | |
| Revenue from operating activities | 8,271,535 | 8,226,210 | 4,412,989 | 4,965,139 | 5,386,671 |
| Total Expenses | 7,324,180 | 5,467,404 | 4,239,553 | 4,564,413 | 4,411,154 |
| Profit from ordinary activities before income tax expense | 947,355 | 2,578,806 | 173,436 | 400,726 | 975,517 |
| Income tax expense | 396,521 | 729,171 | 42,813 | 96,990 | 258,642 |
| Net profit/loss after tax | 550,834 | 2,029,635 | 130,623 | 303,736 | 716,875 |
| Net profit/loss attributable to shareholders | 550,834 | 2,029,635 | 130,623 | 303,736 | 716,875 |
| Balance Sheet | | | | | |
| Current assets | 5,366,178 | 4,168,864 | 2,574,404 | 3,107,245 | 3,614,195 |
| Non-current assets | 5,355,740 | 4,940,317 | 3,947,681 | 3,121,312 | 2,984,374 |
| Total assets | 10,721,918 | 9,109,181 | 6,522,085 | 6,228,557 | 6,598,569 |
| Current liabilities | 2,502,600 | 1,655,430 | 713,202 | 783,191 | 961,953 |
| Non-current liabilities | 2,831,000 | 2,273,096 | 2,450,355 | 2,013,656 | 2,312,020 |
| Total liabilities | 5,333,600 | 3,928,526 | 3,163,557 | 2,796,847 | 3,273,973 |
| Shareholders' funds | 5,388,318 | 5,180,655 | 3,358,528 | 3,431,710 | 3,324,596 |
| Earnings per share (in cents) | 20.76 | 74.95 | 4.82 | 11.15 | 25.67 |
| Dividends per share (in cents) | 12.00 | 10.00 | 7.00 | 7.00 | 7.00 |
| Net assets value per share (in cents) | 204.8 | 192.47 | 123.95 | 126.01 | 121.39 |
| Price earnings ratio | 6.02 | 1.33 | 19.71 | 8.52 | 3.25 |

- (k) The Treasurer's Report is set out on page 5.
- (l) The Corporate Governance Statement is set out on page 11 to 14.

NSX report (continued)

(m) The following table shows the distribution of fully paid ordinary shareholders:

| Holdings ranges | Total shareholders | Number of shares | Percentage of issued capital |
|-----------------|--------------------|------------------|------------------------------|
| 1-1,000 | 125 | 73,935 | 2.81% |
| 1,001-5,000 | 442 | 922,556 | 35.07% |
| 5,001-10,000 | 63 | 428,130 | 16.28% |
| 10,001-100,000 | 62 | 1,095,786 | 41.66% |
| 100,001+ | 1 | 110,000 | 4.18% |
| Total | 693 | 2,630,407 | 100.00% |

Each of the above shareholders is entitled to one (1) vote, irrespective of the number of shares held. There are no substantial shareholders (holding more than 5% of the voting rights) as each shareholder is entitled to one vote.

There are 11 shareholders holding less than a marketable parcel of shares (\$500 in value), based on the closing price on 30 June 2024 of \$1.25 per share.

There are no restricted securities on issue.

All shares on issue are fully paid ordinary shares. There are no unquoted equity securities.

(n) The following table shows the ten (10) largest shareholders: (Note: Eight (8) different shareholders hold the 9th and 10th largest shareholdings respectively).

| Shareholder | Number of shares | Percentage of issued capital |
|---|------------------|------------------------------|
| ADRIENNE LESLIE MURRAY | 110,000 | 4.18% |
| THOMAS LEIGH PTY LTD <THE WARING FAMILY S/F A/C> | 81,040 | 3.08% |
| MRS MARGARET RHODA STANFORTH MENTING | 55,202 | 2.10% |
| LEIGH SMITH & FELICITY SMITH <ATF EB INVESTMENT FUND A/C> | 44,000 | 1.67% |
| RICHARD MIDDLETON <ATF MARPJZ SUPER FUND A/C> | 44,000 | 1.67% |
| WAYNE AUSTEN & ERICA AUSTEN | 41,800 | 1.59% |
| JOHN HENRY ANDERSON & PATRICIA NOREEN ANDERSON | 33,000 | 1.26% |
| IAN ADRIAN DINNISON | 29,100 | 1.11% |
| RODNEY STROYAN WEATHERHEAD | 22,000 | 0.84% |
| MELVIN WILLIAM AUSTIN & GILLIAN REBECCA AUSTIN | 22,000 | 0.84% |
| JOSLIN ADELAIDE GUEST | 22,000 | 0.84% |
| TSUNG-HSIEN LIM | 22,000 | 0.84% |
| CHESTERFIELD SUPER PTY LTD <R & C DALY SUPER FUND A/C> | 22,000 | 0.84% |
| CGT INVESTMENTS PTY LTD <CGT INVESTMENTS P/L S/F A/C> | 22,000 | 0.84% |
| CHANDLER CONSULTING SERVICES <CHANDLER CONS SERV S/F A/C> | 22,000 | 0.84% |
| PETER DAVIS ENGINEERS PTY LTD <P DAVIS ENGINEERS EXEC PLAN> | 22,000 | 0.84% |
| Total | 614,142 | 23.35% |

Registered office and principal administrative office

The registered office of the Company, and its principal administrative office, is located at:

Shop 2, 143 Maling Road, Canterbury VIC 3126

Telephone: +61 3 9836 9466

Security register

The Company's security register (share register) is kept at:

Boardroom Pty Limited

Level 8, 210 George Street, Sydney NSW 2000

Telephone: +61 2 9290 9600

Community Bank Inner East

Canterbury
145 Maling Road, Canterbury VIC 3126
Phone: 03 9836 9466
Email: canterbury@bendigobank.com.au

Surrey Hills
107 Union Road, Surrey Hills VIC 3127
Phone: 03 9890 7188
Email: surreyhills@bendigobank.com.au

Ashburton
241 High Street, Ashburton VIC 3147
Phone: 03 9885 2666
Email: ashburton@bendigobank.com.au

Balwyn
411 Whitehorse Road, Balwyn VIC 3103
Phone: 03 9836 8029
Email: balwyn@bendigobank.com.au

iecf.com.au

Franchisee: Inner East Community Finance Limited
ABN: 96 099 590 593
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