

Annual Report 2025

Babinda Community
Financial Services Limited

Community Bank
Babinda

ABN 87 118 659 993



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MISSION, VISION AND CORE VALUES

OUR MISSION

"Enhancing the community"

Our mission is to build community strength and opportunity through the creation of profit sharing for all stakeholders.

OUR VISION

"To ensure a secure, profitable future for our shareholders while providing quality banking services to our customers and to contribute to the sustainability of our community."

CORE VALUES STATEMENT

- Building a strong viable future
- Applying transparent, accountable business principles and policies
- Valuing quality and focused service
- Providing quality, competitive financial services, products and rates to our customers.
- Providing our staff with the opportunity for self-development, a positive and meaningful work place and the opportunity to contribute to the development of the community.
- To provide a responsibly managed, realistic return to our shareholders.

2025 CHAIRS REPORT

Babinda Community Financial Services Pty Ltd

2025 has been a significant year for Babinda Community Financial Services Limited, and again it is with great pride that we present the Chair's report.

Over the course of 2025, the Board has worked diligently to complete a number of significant actions, including:

- Importantly - renewing the Franchise Agreement for a further five (5) years;
- Reconsidering the Strategic Plan for the organisation, and working to ensure ongoing alignment between that Plan and branch operations particularly in terms of maintenance of high quality customer service and growth;
- Completing a significant round of sponsorships, scholarships and grant allocations.

We renewed our Franchise Agreement for a further five (5) years in mid-2025. Whilst this takes the organisation out to 2030 under current franchise terms, we are also seeking to ensure that we participate in model evolution engagement and discussion with Bendigo Bank, to ensure we can continue to make decisions at Board level informed by the best available, accurate information. We remain committed to meeting all ASIC obligations and fulfilling our fiduciary responsibilities to shareholders. This commitment ensures the continued success and growth of Babinda Community Financial Services Pty Ltd, and we look forward to continuing to serve our community in this role.

This year also saw the Board engage collaboratively to review and renew the Strategic Plan for the organisation. This Plan will be regularly considered and used to assist and guide decision making processes at Board level. The Plan is a 'living document', and we anticipate change will be required as other factors influence and inform the operations of the organisation.

2025 was another significant year in terms of community contributions by the organisation. We have this year been grateful to provide assistance to 16 students, both secondary and tertiary, to assist in completion of their ongoing studies. We also have provided assistance to a number of community organisations, seeking to ensure that the funds provided make a genuine difference within this amazing community.

To assist in the decision making processes regarding allocation of funding, we again engaged the Babinda District Community Association to critically review and assist the Board.

Again we thank our amazing Branch team, lead by Kat Lindsay, with support from Hayley Powell, Roisin Stager and Deborah Leaver. Our team work tirelessly to support our customers, our Board, and ensure that our Branch functions efficiently. A current and ongoing focus for our team is on maintaining existing customer relations, whilst continuing to build business opportunity and connections.

I would also like to extend our sincere gratitude to the volunteer board members, both current and past, who have served our organization tirelessly for over 19 years. Their ongoing dedication, combined with the support of our Community Bank customers, has made it possible for us to continue to deliver funds to our community – through scholarships, grants and sponsorships – supporting the ongoing operations and aspirations of individuals and community organisations across our district.

You will no doubt have heard about a number of corporate Bendigo Bank closures in our region; the Board is continuing to make representations to the Community Bank Network representatives to ensure that our views are heard, to the degree possible, by those leaders within Bendigo Bank. Importantly, we continue to express the need for decisions to be made with due regard for impacts on communities affected – directly and those adjacent. We will continue, as much as possible, to seek to ensure that we advocate for continued, locally provided banking services.

We look forward to the continued success and growth of Babinda Community Financial Services Pty Ltd, and we look forward to another year of serving our community.

Thank you to all who have contributed to making this another successful year for our organization.

Kristy Gilvear
Tanya Tuttle
Co-Chairs

2025 MANAGERS REPORT

June 6th 2025 marked 19 years of Community Bank Babinda opening its doors to the local community. This year has seen a continued focus on delivering strong financial services, deepening community engagement, and reinforcing our commitment to local economic resilience.

Business Performance

Over the past 12 months, our team has continued to work diligently to maintain operational stability, deliver customer-focused banking services, and support our local stakeholders. Despite broader economic challenges – including Reserve Bank interest rates, the cost-of-living crisis and continued inflationary pressure – we have maintained a steady performance, with moderate growth in our deposit portfolio, and also growth in our customer numbers.

Our financial position remains stable, with increased customer retention and new business relationships contributing positively to our bottom line. We continue to operate prudently, balancing growth with careful risk management and sound governance.

Community Impact

Babinda Community Financial Services Ltd (BCFSL) was established not only to provide local banking, but also to return value to our community. Giving back remains at the heart of what we do – and this year we are proud to announce that we have contributed over \$160,000 in grants, sponsorships, and community partnerships, to local schools, sporting clubs, not-for-profit organisations and community initiatives.

These investments support the fabric of Babinda and surrounding areas, helping to ensure that our youth, seniors, and small businesses continue to thrive.

Staff & Customer Service

Our team continues to be the backbone of our branch's success. I would like to acknowledge and thank our dedicated staff, Roisin, Hayley and Deb, for their professionalism, hard work and strong commitment to our customers. Whether it's helping a young couple buy their first home, assisting a retiree with investment planning, and everything in between, our staff consistently go above and beyond to meet our customer's needs.

Looking ahead

As we move into the new financial year, we remain focussed on sustainable growth, deepening community connections and strengthening our community impact. The recent rollout of the Bendigo One Community way of working will see us collaborate with our agribusiness and business banking colleagues to deliver seamless, full-service solutions, connecting customers with the right expertise at the right time. By working as one, not only will we support our customers, but we will also drive business growth. We also plan to enhance digital literacy for our customers, particularly those who may need extra support navigating digital platforms. Additionally, we will continue to identify new opportunities to support local projects that align with our community values.

Acknowledgements

I would like to thank our Board of Directors for their strategic leadership and ongoing support. Their vision and governance ensure we remain on a strong path forward. The countless hours they work on a volunteer basis is incredible. Thank you, all, for your unwavering dedication to our Community Bank.

I also extend a sincere thank you to our customers for your trust and loyalty. It is because of you that we are able to provide the support that we do to our local community. Together, we are not just operating a financial services business – we are building a stronger, more resilient Babinda.

Finally, I would like to thank our shareholders, for your continued support, loyalty and advocacy, which are extremely important to the ongoing growth of BCFSL and the success of the Community Bank Babinda branch.

If you already bank with us, thank you. As well as banking with us, we hope that as shareholders and customers, you have an active role in promoting our business. I encourage you that when talking with your friends and family, please share our Community Bank story and help us spread the word of how choosing to bank local with our branch really makes a difference in the Babinda Community – With every new customer, there is more available to be paid in community contributions and dividends.

Community Bank Babinda provides a full range of banking services including lending, investments, insurances, and many different account types tailored to your individual needs and financial goals. But, we are more than just a financial institution – we are a community partner, helping to build a more vibrant and sustainable future for Babinda.

We are proud of what we have achieved this year and are optimistic about the year ahead.

Thank you for your continued support.

Warm regards,

Kat Lindsay
Branch Manager
Community Bank Babinda

Babinda Community Financial Services Limited

ABN 87 118 659 993

Financial Report - 30 June 2025

Babinda Community Financial Services Limited
Directors' report
30 June 2025

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2025.

Directors

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

Name:	Tanya Leigh Tuttle
Title:	Non-executive director
Experience and expertise:	Graduate Australian Institute of Company Directors, General Manager, Operations/ Logistics Manager in Transport, Food Safety Supervisor, Human Resources, Book-keeper, Office Manager, Event Management, Former Treasurer/Secretary of Queensland Country Rugby Union, Former President of Babinda District Community Assoc Inc.
Special responsibilities:	Co-Chair, Corporate Governance, Finance & Audit Committee
Name:	Kristy Lee Gilvear
Title:	Non-executive director
Experience and expertise:	Bachelor of Laws (QUT 2003); Managing Director – Gilvear Planning Pty Ltd (2009 – present); Member Planning Institute of Australia; Member Queensland Environmental Law Association (Committee Member 2022 -); Member Australian Institute of Company Directors; Member Queensland Rural, Regional and Remote Womens' Network Inc; previous experience as an Articled Clerk, later Solicitor of the Supreme Court of Queensland and High Court of Australia (2000-2006); town planner and later Principal with international consultancy; provision of advice to clients large and small regarding projects across Queensland, Northern Territory, Western Australia, South Australia and internationally. Experience developing a business presence in regional location, and current Director of a private shopping centre owner in FNQ.
Special responsibilities:	Co-Chair, Member Sponsorship and Community Engagement and Governance Sub-Committee
Name:	Lorraine Mary Anning
Title:	Non-executive director
Experience and expertise:	Lorraine has been involved with the Hotel Industry since 1986, and a Director on the Babinda Community Bank Board since 2006. Lorraine has been involved in Babinda Community Organisations since 1987 and holds a private pilot's license.
Special responsibilities:	Deputy Chair, Chairman of the Sponsorship and Marketing Committee
Name:	Ian Walter Anderson
Title:	Non-executive director
Experience and expertise:	Self employed accountant. Ian has been an Accountant since 1990 where he started as a Accountant at Gaffney, Harvey & Ryan. During 1993 he became a Senior Accountant at Duesbury's. In 1996 Ian became the owner of Edge Hill Accountancy and still has this title at the present time. Ian's Qualifications include a Bachelor of Commerce (James Cook University), FCPA Member since 19th April 2007 and NTAA member. Ian is a Registered Tax agent and is also JP Qualified. Ian has been the Treasurer of Boot Brisbane/NQExit since January 2018, Cairns Port Development INC from 2014 -2022, F4BG Forum 4 Business Growth since January 2012 and the Rotary Club Cairns South from January 2000 - January 2005. Ian is now Treasurer of Regional Australia Party.
Special responsibilities:	Treasurer, Member of Corporate Governance, Finance & Audit Sub-Committee

Babinda Community Financial Services Limited
Directors' report
30 June 2025

Name:	Stuart Lawson
Title:	Non-executive director
Experience and expertise:	Bachelor of Fine Art in Communication Design 2004 – Queensland University of Technology; Diploma in Business Management 1995 – South African Institute of Management; Diploma in Business Management and Administration 1995 – Varsity College; Treasurer / Committee – Babinda District Community Association Inc; Business Owner - Hyperpixel Studio (2006-present); CRM & Email Marketing Specialist – Envato Pty Ltd (2021-present), Digital Education Program Officer – Office of Rural and Remote Health, Queensland Health (2021-present)
Special responsibilities:	Nil

Company secretary

The company secretary is Michelle Louise Baker. Michelle was appointed to the position of company secretary on 24 April 2018.

Experience and expertise:	Self Employed company secretary and Bookkeeper. Previously worked as Operations Manager for an investment banking business in Melbourne. Michelle holds a Bachelor of Arts; Advanced Diploma of Business (Marketing). Michelle is a Colbinabbin Primary School Council Member.
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Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$126,130 (2024: \$45,966).

Operations have continued to perform in line with expectations.

Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 7 cents per share (2024: 7 cents)	<u>41,878</u>	<u>41,878</u>

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Meetings of directors

The number of directors meetings (including meetings of committees of directors) attended by each of the directors of the company during the financial year were:

Babinda Community Financial Services Limited
Directors' report
30 June 2025

	Board		Corporate Governance, Finance and Audit Committee		Sponsorship and Marketing Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Tanya Leigh Tuttle	10	10	2	2	-	-
Kristy Lee Gilvear	10	10	-	-	7	7
Lorraine Mary Anning	10	10	-	-	-	-
Ian Walter Anderson	10	10	2	2	-	-
Stuart Lawson	10	9	-	-	7	6

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Tanya Leigh Tuttle	20,000	-	20,000
Kristy Lee Gilvear	1,000	-	1,000
Lorraine Mary Anning	9,100	-	9,100
Ian Walter Anderson	3,000	-	3,000
Stuart Lawson	-	-	-

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

Babinda Community Financial Services Limited
Directors' report
30 June 2025

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 24 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Kristy Lee Gilvear
Co-Chair

26 August 2025



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

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

As lead auditor for the audit of Babinda Community Financial Services Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name and address.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 August 2025

A handwritten signature in black ink, appearing to read 'Jessica Ritchie', is positioned above the printed name and title.

Jessica Ritchie
Lead Auditor

Babinda Community Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue from contracts with customers	7	741,586	775,172
Finance revenue		16,593	16,285
Total revenue		758,179	791,457
Employee benefits expense	8	(293,445)	(340,519)
Advertising and marketing costs		(15,340)	(9,150)
Occupancy and associated costs		(17,290)	(29,013)
System costs		(17,698)	(21,274)
Depreciation and amortisation expense	8	(64,019)	(51,519)
Finance costs	8	(4,847)	(4,651)
General administration expenses		(130,783)	(105,032)
Total expenses before community contributions and income tax expense		(543,422)	(561,158)
Profit before community contributions and income tax expense		214,757	230,299
Charitable donations and sponsorships expense		(46,394)	(169,044)
Profit before income tax expense		168,363	61,255
Income tax expense	9	(42,233)	(15,289)
Profit after income tax expense for the year		126,130	45,966
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		126,130	45,966
		Cents	Cents
Basic earnings per share	26	21.08	7.68
Diluted earnings per share	26	21.08	7.68

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

Babinda Community Financial Services Limited
Statement of financial position
As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	10	174,032	50,953
Trade and other receivables	11	71,553	79,022
Investments	12	374,875	357,933
Current tax assets	9	-	35,387
Total current assets		620,460	523,295
Non-current assets			
Property, plant and equipment	13	110,183	102,653
Right-of-use assets	14	45,567	113,269
Intangible assets	15	72,956	12,583
Total non-current assets		228,706	228,505
Total assets		849,166	751,800
Liabilities			
Current liabilities			
Trade and other payables	16	52,891	57,222
Lease liabilities	17	26,539	25,453
Current tax liabilities	9	12,295	-
Employee benefits		17,503	14,593
Total current liabilities		109,228	97,268
Non-current liabilities			
Trade and other payables	16	64,200	-
Lease liabilities	17	22,782	91,582
Deferred tax liabilities	9	5,114	5,176
Employee benefits		11,403	7,440
Provisions		18,700	16,847
Total non-current liabilities		122,199	121,045
Total liabilities		231,427	218,313
Net assets		617,739	533,487
Equity			
Issued capital	18	577,133	577,133
Retained earnings/(accumulated losses)		40,606	(43,646)
Total equity		617,739	533,487

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

Babinda Community Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		577,133	(47,734)	529,399
Profit after income tax expense		-	45,966	45,966
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	45,966	45,966
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	20	-	(41,878)	(41,878)
Balance at 30 June 2024		<u>577,133</u>	<u>(43,646)</u>	<u>533,487</u>
 Balance at 1 July 2024		577,133	(43,646)	533,487
Profit after income tax expense		-	126,130	126,130
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	126,130	126,130
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for paid	20	-	(41,878)	(41,878)
Balance at 30 June 2025		<u>577,133</u>	<u>40,606</u>	<u>617,739</u>

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

Babinda Community Financial Services Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		822,584	867,601
Payments to suppliers and employees (inclusive of GST)		(587,345)	(715,630)
Interest received		16,941	15,457
Income taxes refunded/(paid)		5,387	(92,883)
Net cash provided by operating activities	25	257,567	74,545
Cash flows from investing activities			
Redemption of/(investment in) investments		(16,942)	(15,317)
Payments for property, plant and equipment		(36,013)	(55,101)
Payments for intangible assets		(12,844)	(12,844)
Net cash used in investing activities		(65,799)	(83,262)
Cash flows from financing activities			
Interest and other finance costs paid		(4,208)	(4,073)
Dividends paid	20	(41,878)	(41,878)
Repayment of lease liabilities		(22,603)	(22,701)
Net cash used in financing activities		(68,689)	(68,652)
Net increase/(decrease) in cash and cash equivalents		123,079	(77,369)
Cash and cash equivalents at the beginning of the financial year		50,953	128,322
Cash and cash equivalents at the end of the financial year	10	174,032	50,953

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

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 1. Reporting entity

The financial statements cover Babinda Community Financial Services Limited (the company) as an individual entity, which is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 55 Munro Street, Babinda QLD 4861.

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

Note 2. Basis of preparation and statement of compliance

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

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2025. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The company has assessed and concluded there are no material impacts.

Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2025. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Current and non-current classification

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

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

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

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 3. Material accounting policy information (continued)

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

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

At each reporting date, the company reviews the carrying amounts of its tangible assets and intangible assets to determine whether there is any indication those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

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

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

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

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets

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

Lease term

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

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Estimates and assumptions

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate

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

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Note 5. Economic dependency

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in June 2030.

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

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

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

The credit risk (i.e. the risk that a customer will not make repayments) is for Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

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

Note 6. Change to comparative figures

Reclassification of investment account

During the year, the directors reviewed the classification of financial assets under AASB 107 *Statement of Cash Flows* and AASB 9 *Financial Instruments*. The Sandhurst Trustees Investment account, previously classified as cash and cash equivalents, has been reclassified as a current investment measurement at fair value through profit or loss. This reflects its withdrawal restrictions, unitised structure, and exposure to fair value changes.

The reclassification impacted comparatives as follows:

- Cash and cash equivalents decreased and investments increased by \$357,933 at 30 June 2024.
- Opening and closing cash balances in the Statement of cash flows were adjusted accordingly.
- Related movements are now shown as investing activities in the Statement of cash flows.

Note 7. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	621,871	646,916
Fee income	47,858	49,917
Commission income	71,857	78,339
	<u>741,586</u>	<u>775,172</u>

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Note 7. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers

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

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

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

<u>Revenue stream</u>	<u>Includes</u>	<u>Performance obligation</u>	<u>Timing of recognition</u>
Franchise agreement profit share	Margin, commission, and fee income	When the company satisfies its obligation to arrange for the services to be provided to the customer by the supplier (Bendigo Bank as franchisor).	On completion of the provision of the relevant service. Revenue is accrued monthly and paid within 10 business days after the end of each month.

All revenue is stated net of the amount of GST. There was no revenue from contracts with customers recognised over time during the financial year.

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, interest rates and funds transfer pricing and other factors, such as economic and local conditions.

Margin income

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

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

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

Commission income

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

Fee income

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

Core banking products

Bendigo Bank has identified some products and services as 'core banking products'. It may change the products and services which are identified as core banking products by giving the company at least 30 days notice. Core banking products currently include Bendigo Bank branded home loans, term deposits and at call deposits.

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Note 7. Revenue from contracts with customers (continued)

Ability to change financial return

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

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

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

Note 8. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	250,611	288,121
Superannuation contributions	28,222	30,692
Expenses related to long service leave	3,963	5,828
Other expenses	10,649	15,878
	<u>293,445</u>	<u>340,519</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	23,050	11,833
Plant and equipment	5,433	5,921
	<u>28,483</u>	<u>17,754</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	22,955	21,184
<i>Amortisation of intangible assets</i>		
Franchise fee	2,097	2,097
Franchise renewal process fee	10,484	10,484
	<u>12,581</u>	<u>12,581</u>
	<u>64,019</u>	<u>51,519</u>

Finance costs

	2025 \$	2024 \$
Lease interest expense	4,208	4,073
Unwinding of make-good provision	639	578
	<u>4,847</u>	<u>4,651</u>

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Note 9. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	42,295	9,613
Movement in deferred tax	(62)	6,766
Under/over adjustment in respect for prior periods	-	(1,090)
Aggregate income tax expense	<u>42,233</u>	<u>15,289</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	168,363	61,255
Tax at the statutory tax rate of 25%	42,091	15,314
Tax effect of:		
Non-deductible expenses	142	1,065
	42,233	16,379
Under/over adjustment in respect for prior periods	-	(1,090)
Income tax expense	<u>42,233</u>	<u>15,289</u>
	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	7,227	5,508
Lease liabilities	12,330	29,259
Provision for lease make good	4,675	4,212
Accrued expenses	1,174	1,049
Income accruals	(975)	(1,062)
Right-of-use assets	(11,392)	(28,317)
Property, plant and equipment	(18,153)	(15,825)
Deferred tax liability	<u>(5,114)</u>	<u>(5,176)</u>
	2025 \$	2024 \$
Income tax refund due	<u>-</u>	<u>35,387</u>
	2025 \$	2024 \$
Provision for income tax	<u>12,295</u>	<u>-</u>

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

Current tax assets and liabilities are measured at amounts expected to be recovered from or paid to the taxation authorities. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Babinda Community Financial Services Limited
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Note 9. Income tax (continued)

Accounting policy for deferred tax

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Note 10. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	174,032	50,953

Note 11. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	60,692	67,531
Other receivables and accruals	4,151	4,499
Prepayments	6,710	6,992
	10,861	11,491
	71,553	79,022

Accounting policy for trade and other receivables

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

Note 12. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Investment account	374,875	357,933

Note 13. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	206,026	175,995
Less: Accumulated depreciation	(114,661)	(91,611)
	91,365	84,384
Plant and equipment - at cost	125,681	119,699
Less: Accumulated depreciation	(106,863)	(101,430)
	18,818	18,269
	110,183	102,653

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Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	49,276	16,924	66,200
Additions	47,835	7,266	55,101
Disposals	(894)	-	(894)
Depreciation	(11,833)	(5,921)	(17,754)
Balance at 30 June 2024	84,384	18,269	102,653
Additions	30,031	5,982	36,013
Depreciation	(23,050)	(5,433)	(28,483)
Balance at 30 June 2025	<u>91,365</u>	<u>18,818</u>	<u>110,183</u>

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	6 to 20 years
Plant and Equipment	1 to 40 years

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

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

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

Note 14. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	132,756	177,503
Less: Accumulated depreciation	(87,189)	(64,234)
	<u>45,567</u>	<u>113,269</u>

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Note 14. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2023	73,939
Remeasurement adjustments	60,514
Depreciation expense	(21,184)
Balance at 30 June 2024	113,269
Remeasurement adjustments	(44,747)
Depreciation expense	(22,955)
Balance at 30 June 2025	<u>45,567</u>

Accounting policy for right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2025 \$	2024 \$
Franchise fee	53,589	41,430
Less: Accumulated amortisation	(41,429)	(39,332)
	12,160	2,098
Franchise renewal fee	217,945	157,150
Less: Accumulated amortisation	(157,149)	(146,665)
	60,796	10,485
	72,956	12,583

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	4,195	20,969	25,164
Amortisation expense	(2,097)	(10,484)	(12,581)
Balance at 30 June 2024	2,098	10,485	12,583
Additions	12,159	60,795	72,954
Amortisation expense	(2,097)	(10,484)	(12,581)
Balance at 30 June 2025	<u>12,160</u>	<u>60,796</u>	<u>72,956</u>

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Note 15. Intangible assets (continued)

Accounting policy for intangible assets

Intangible assets of the company relate to the franchise fees paid to Bendigo Bank which conveys the right to operate the Community Bank franchise.

Intangible assets are measured on initial recognition at cost. Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

The franchise fees paid by the company are amortised over their useful life and assessed for impairment whenever impairment indicators are present.

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2030

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

Note 16. Trade and other payables

	2025	2024
	\$	\$
<i>Current liabilities</i>		
Trade payables	14,763	8,728
Other payables and accruals	38,128	48,494
	<u>52,891</u>	<u>57,222</u>
<i>Non-current liabilities</i>		
Other payables and accruals	64,200	-
	<u>64,200</u>	<u>-</u>
	2025	2024
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	117,091	57,222
less other payables and accruals (net GST payable to the ATO)	(8,942)	(699)
	<u>108,149</u>	<u>56,523</u>

Note 17. Lease liabilities

	2025	2024
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	26,539	25,453
	<u>26,539</u>	<u>25,453</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	22,782	91,582
	<u>22,782</u>	<u>91,582</u>

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Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2025 \$	2024 \$
Opening balance	117,035	75,691
Remeasurement adjustments	(45,111)	64,045
Lease interest expense	4,208	4,073
Lease payments - total cash outflow	(26,811)	(26,774)
	<u>49,321</u>	<u>117,035</u>

Remeasurement adjustments

The company has determined it is no longer reasonably certain to exercise the hold over clause for the Babinda branch lease, which had a lease term end date to May 2029, and only included renewal options for the estimated lease term. As such a remeasurement of the right-of-use asset, lease liability and make-good provision occurred using the closure date of June 2027.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options	Estimated term based on hold over clause and likely forthcoming renewal	Reasonably certain to exercise options	Lease term end date used in calculations
Babinda Branch	7.41%	2 years	N/A	2 years	No	June 2027

Note 18. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	598,251	598,251	598,251	598,251
Less: Equity raising costs	-	-	(21,118)	(21,118)
	<u>598,251</u>	<u>598,251</u>	<u>577,133</u>	<u>577,133</u>

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company being \$1 per share. Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

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Note 18. Issued capital (continued)

Rights attached to issued capital

Ordinary shares

Voting rights

Subject to some limited exceptions, each member has the right to vote at a general meeting.

On a show of hands or a poll, each member attending the meeting (whether they are attending the meeting in person or by attorney, corporate representative or proxy) has one vote, regardless of the number of shares held. However, where a person attends a meeting in person and is entitled to vote in more than one capacity (for example, the person is a member and has also been appointed as proxy for another member) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a member and one vote for each other member that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each member only one vote, regardless of the number of shares held, is to reflect the nature of the company as a community based company, by providing that all members of the community who have contributed to the establishment and ongoing operation of the Community Bank branch have the same ability to influence the operation of the company.

Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo Bank contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the *Corporations Act 2001*.

Prohibited shareholding interest

A person must not have a prohibited shareholding interest in the company.

In summary, a person has a prohibited shareholding interest if any of the following applies:

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 311. As at the date of this report, the company had 321 shareholders (2024: 329 shareholders).

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

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

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

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Note 18. Issued capital (continued)

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

Note 19. Capital management

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

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

The distribution limit is the greater of:

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

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

There were no changes in the company's approach to capital management during the year.

Note 20. Dividends

The following dividends were provided for and paid to shareholders during the financial year as presented in the Statement of changes in equity and Statement of cash flows.

	2025 \$	2024 \$
Fully franked dividend of 7 cents per share (2024: 7 cents)	<u>41,878</u>	<u>41,878</u>

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	97,168	18,244
Franking credits (debits) arising from income taxes paid (refunded)	(5,386)	92,883
Franking debits from the payment of franked distributions	(13,959)	(13,959)
	<u>77,823</u>	<u>97,168</u>

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

Balance at the end of the financial year	77,823	97,168
Franking credits (debits) that will arise from payment (refund) of income tax	12,295	(35,387)
Franking credits available for future reporting periods	<u>90,118</u>	<u>61,781</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

Accounting policy for dividends

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

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Note 21. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and lease liabilities. The company does not have any derivatives.

The directors are responsible for monitoring and managing the financial risk exposure of the company, to which end it monitors the financial risk management policies and exposures and approves financial transactions within the scope of its authority.

The directors have identified that the only significant financial risk exposures of the consolidated entity are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

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

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables (note 11)	64,843	72,030
Cash and cash equivalents (note 10)	174,032	50,953
Investments (note 12)	374,875	357,933
	<u>613,750</u>	<u>480,916</u>
Financial liabilities		
Trade and other payables (note 16)	108,149	56,523
Lease liabilities (note 17)	49,321	117,035
	<u>157,470</u>	<u>173,558</u>

At balance date, the fair value of financial instruments approximated their carrying values.

Accounting policy for financial instruments

Financial assets

Classification

The company measures its financial assets at amortised cost:

The company's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

A financial asset is derecognised when the company's contractual right to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

Impairment of trade and other receivables

Impairment of trade receivables is determined using the simplified approach which uses an estimation of lifetime expected credit losses. The company has not recognised an allowance for expected credit losses in relation to trade and other receivables. Refer to note 4 for further information.

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 21. Financial risk management (continued)

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

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

Derecognition

A financial liability is derecognised when it is extinguished, cancelled or expires.

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$174,032 and investments of \$374,875 at 30 June 2025 (2024: \$50,953 and \$357,933).

Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The following are the company's remaining contractual maturities of financial liabilities. The contractual cash flow amounts are gross and undiscounted and therefore may differ from their carrying amount in the statement of financial position.

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	43,950	64,200	-	108,150
Lease liabilities	27,447	25,236	-	52,683
Total non-derivatives	71,397	89,436	-	160,833
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	57,222	-	-	57,222
Lease liabilities	25,875	101,342	-	127,217
Total non-derivatives	83,097	101,342	-	184,439

Note 22. Key management personnel disclosures

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

Tanya Leigh Tuttle
Kristy Lee Gilvear
Lorraine Mary Anning

Ian Walter Anderson
Stuart Lawson

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 22. Key management personnel disclosures (continued)

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

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

Note 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Andrew Frewin Stewart, the auditor of the company:

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,750	7,450
<i>Other services</i>		
Taxation advice and tax compliance services	2,728	700
General advisory services	3,890	2,770
Share registry services	6,895	4,120
	13,513	7,590
	<u>20,263</u>	<u>15,040</u>

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	126,130	45,966
Adjustments for:		
Depreciation and amortisation	64,019	51,519
Net loss on disposal of non-current assets	-	894
Loss on remeasurement of lease - non-cash	850	-
Lease liabilities interest	4,208	4,073
Change in operating assets and liabilities:		
Decrease in trade and other receivables	7,469	12,453
Decrease/(increase) in income tax refund due	35,387	(35,387)
Decrease in deferred tax assets	-	1,590
Increase/(decrease) in trade and other payables	(247)	27,486
Increase/(decrease) in provision for income tax	12,295	(48,973)
Increase/(decrease) in deferred tax liabilities	(62)	5,176
Increase in employee benefits	6,873	9,170
Increase in other provisions	645	578
Net cash provided by operating activities	<u>257,567</u>	<u>74,545</u>

Note 26. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>126,130</u>	<u>45,966</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>598,251</u>	<u>598,251</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>598,251</u>	<u>598,251</u>
	Cents	Cents
Basic earnings per share	21.08	7.68
Diluted earnings per share	21.08	7.68

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Babinda Community Financial Services Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 27. Commitments

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

Note 28. Contingencies

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

Babinda Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2025 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Babinda Community Financial Services Limited
Directors' declaration
30 June 2025

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in the notes to the financial statements;
- the attached financial statements and notes give a true and fair view of the company's financial position as at 30 June 2025 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- the company does not have any controlled entities and is not required by the Accounting Standards to prepare consolidated financial statements. Therefore, a consolidated entity disclosure statement has not been included as section 295(3A)(a) of the *Corporations Act 2001* does not apply to the entity.

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

On behalf of the directors



Kristy Lee Gilvear
Co-Chair

26 August 2025



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

Independent auditor's report to the Directors of Babinda Community Financial Services Limited

Report on the audit of the financial report

Our opinion

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

- i. giving a true and fair view of the company's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

We have audited the financial report of Babinda Community Financial Services Limited (the company), which comprises the:

- Statement of financial position as at 30 June 2025
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including material accounting policies, and the
- Directors' declaration.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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 (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', with a stylized flourish at the end.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 August 2025

A handwritten signature in black ink, appearing to read 'Jessica Ritchie', with a stylized flourish at the end.

Jessica Ritchie
Lead Auditor

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