

Annual Report 2025

Berowra & District
Financial Services Limited

Community Bank
Berowra & District

ABN 62 116 755 938

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Chairman's report

For year ending 30 June 2025

It is my pleasure as the Chairman of Berowra and District Financial Services Limited to report on what is the final full year of operating the Community Bank Berowra & District Branch with that responsibility now transferred to East Gosford and Districts Financial Services Limited (EGF). From 1 August 2025 Community Bank Berowra will continue to operate and become part of the EGF group that includes the Community Bank East Gosford, Kincumber and Lisarow branches.

The goal of the board has been to ensure branch services continue to be offered to Berowra and done so in a way that maximises the returns to the community and shareholders. We have met this objective as I outline in the address I made to the Extraordinary General Meeting where the transaction received unanimous support from shareholders, a copy is included at the end of this letter.

The results for the FY25 financial year are included in this report and it was another good year with the cash position of the branch improving again from a surplus of \$254k to \$375k which is a remarkable turnaround over the four years from FY21 where the company had a -\$463k deficit in cash. This \$838k increase in cash in four years and with the proceeds of the sale of the business will enable us to return at least \$1.05 per share to shareholders.

A stark turnaround from a likely complete write off on shareholder investments to a full return of funds and a small profit. As part of this the branch will remaining open and part of a stronger financial group which was the key reason for the sale in the face of an uncertain future.

People

Our business performance for the year is thanks to the skills and commitment of our branch team lead by Namrata Kaushal to keep customers coming back.

There were several staff changes throughout the year as the business sought the right mix, with Sneha Patel and Clarie Chalke leaving and Shane White joining by year end. Through the changes Nam, Liz and Sue remained the bedrock of branch and I personally thank them for their flexibility and commitment to keeping the branch open and customers served despite some difficult staffing periods.

Thank you also to our directors Steve Hitchcock, Bruce Waterhouse, Greg Steptoe, Di Finch and Robert Wawrzyniak, who have all provided great support to the business as volunteer directors over the year.

Operating results

The business made a profit of \$139,867 this year, a solid performance but below last year's profit of \$179,958. Cash on hand improved by \$120,649 to a balance at yearend of \$374,550 providing financial strength to properly assess the business sale opportunity.

Due to accounting adjustments for the sale of the business Income for the branch was up 5.2% as reported due to sale adjustments. Excluding these adjustments, operating revenue fell by -5.2% from the prior year due to lower margins (-10.5%) as interest rates dropped and despite footings increasing 6.2%.

Operating expenses increased by 5.0% due to a combination of transaction related expenses and inflation related cost increases. Tax expense was almost double the prior year \$113,568 due to business sale related adjustments which ultimately resulted in the lower profit of \$40,091 compared to the prior year.

Chairman's report (continued)

Community engagement

The Community Bank Berowra continued to support the community through the provision of banking services to local businesses, clubs, schools and residents. They also provide many other non-banking services to clubs and schools in the local area including use of the branch for fundraising, notices and collection points, as well as marquees for events.

These will continue under the stewardship of East Gosford & Districts Financial Services Ltd following the sale and the board expects that the increased financial strength of the group and efficiencies of scale will lead to an increase in the support to the community above what Berowra and District Financial Services Limited could have offered alone.

Our franchisor

We have been fortunate to have Bendigo Bank as our franchisor for the 19 years of operation, the most trusted banking brand in Australia. The Bendigo Bank team was as usual very supportive of operation though the year but in addition was instrumental in providing support for the sale process which was smoother and far more efficient than without their assistance.

Shareholders

This is the last annual report for the company with the capital return expected to be finalised in November, shares will be cancelled and the company wound up. All funds in the company less the cost of wind up are being returned to Shareholders and this is expected to be at least \$1.05 per share.

Thank you all for your support for the company, staff and board over the 19 years the branch has been operating and please continue to support the staff and branch going forward as it support the community.

Outlook

Going forward the branch will remain open and be operated by East Gosford and District Financial Services Limited, a company just like our own but one that is operating three branches and has been more successful in returning money to shareholders and the community. They have also over the years I have been involved with the branch been a big support for the staff and branch in times of need so there is already a strong bond between the teams.

As such I and the board have every confidence that the branch will continue to provide first class banking services to the community for many more years and use the profits to support and strengthen the community.

Conclusion

It has been a pleasure to serve the community as a volunteer director on the board for the last 7 years and very pleasing that we have reached the outcome we have. From a negative cash position of around -\$0.60 a share after 15 years of trading in 2021 we are able to return over \$1.05 a share to shareholders after just 4 years of improved trading and the sale of the business.

The extract from the EGM explaining the reasons for the sale is below for shareholders who could not attend.

There is no AGM this year due to the wind up of the company, but we will circulate some correspondence as part of the wind up and check the website for the branch hosted by Bendigo Bank for a final company wind up summary.

Yours sincerely,

Thomas Collins
Chairman

Chairman's report (continued)

*Extract from the Chairmans speech at the Extraordinary General Meeting held on 2 July 2025
explain the reason for the boards support to sell the business:*

Lets start with the Why

The Company has been providing high quality banking services in Berowra and neighboring communities for around 19 years, supporting the wider community in Berowra throughout its proud history. Our banking services have supported all manner of customers, including families and small businesses.

However, the Company has only been profitable in a few of those years and has never been able to distribute any dividends to shareholders. Up until the last few years, the business has carried substantial debts resulting from unprofitable trading following the inability to grow to a profitable scale. Recent historically high deposit margins have resulted in strong profits that enabled the repayment of debt and a cash surplus to be generated for the first time in 16 years, but deposit margins are now trending downwards, which may again limit profitability.

While the Company's purpose remains unchanged, the environment in which the Company operates has changed progressively over the years. The Company has sought to adapt to these changes however the directors feel that as a single standalone branch it lacks the operating scale and financial strength needed for the current and future economic environment.

The Board of the Company has investigated all available identified options to seek to obtain the best possible return to shareholders but also to continue to support the local community.

The directors formed the view that this offer is not only expected to enable the Company to return to its shareholders their original investment, but it also preserves the core elements of the purpose of the business by keeping the branch open in Berowra and also support for the local community through a commitment to community donations and sponsorships. The Buyer has been profitably operating the East Gosford, Kincumber and Lisarow branches and supporting the respective local communities for two decades and as such, it has the scale, financial strength and experience to also support the Berowra Community.

So that is the Why, now let me explain what is proposed:

The Board engaged in negotiations with the Buyer and have executed a Business Sale Agreement with them.

Put simply, the operation of the Berowra Branch will transfer from the Company to the Buyer, (which currently operates 3 branches) to continue operating and supporting the community. The Company will receive funds from the Proposed Transaction and distribute these along with any other remaining cash after expenses to shareholders before winding up the Company.

Any shareholders who wish to continue to invest in the local Community Bank model could seek to acquire shares in the Buyer via the National Stock Exchange of Australia. The Board understands that the Buyer has been paying dividends for many years now. Shareholders are encouraged to obtain independent legal, taxation and financial advice prior to the purchase of such shares.

Now let me explain how this will occur:

The directors consider an equal capital reduction as being the most appropriate way to return the Company's funds to shareholders, and to facilitate the deregistration of the Company. These resolutions relate to the mechanism by which this is proposed to be accomplished.

Subject to shareholder approval of Resolutions 1 to 4 (inclusive), the directors intend to:

1. execute an equal capital reduction to distribute the net funds held by the Company following completion of the Proposed Transaction to all holders of ordinary shares in proportion to their then current respective shareholdings. As consideration for the return of capital, the ordinary shares held by each member will be cancelled;
2. issue a single A class share. The A class share will not be entitled to dividends and will only be able to vote on matters which relate to the deregistration of the Company. Rule 9 of the Company's Constitution prohibits a shareholder from holding more than 10% of the issued shares in the Company, so for there to be just one A class shareholder, the prohibition in Rule 9 of the Constitution will need to be removed;
3. administer the distribution of the funds from the equal capital reduction to all ordinary shareholders; and
4. once all liabilities have been discharged, deregister the Company.

These steps are required to return funds to shareholders and wind up the company as quickly and cheaply as possible under Australian law.

On behalf of the directors, I recommend that shareholders vote in favour of the proposed resolutions to complete the sale and capital return.

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:	Thomas Zachary Collins
Title:	Non-executive director
Experience and expertise:	Thomas is CFO of Esfam Biotech and runs a private investment business, with a 25 year career in financial management as a Global Chartered Management Accountant with companies including Price Waterhouse Coopers, Volvo, Pacific Brands, Coleman Brands, Pure Fishing Australia and Jarden Australia. He has lived in Mt Kuring-gai for 20 years and supported the community, serving in the Mt Ku-ring-gai RFS Brigade, managed and coached for the Mt Colah Colts Football Club and his children attend Mt Kuring-gai public school.
Special responsibilities:	Chairman and Treasurer
Name:	Bruce John Waterhouse
Title:	Non-executive director
Experience and expertise:	Bruce is now retired but worked in the financial industry for 32 years, followed by 10 years in sports administration. He has been employed by Royal Agricultural Society of NSW on a casual basis for 42 years. He has been involved in football as a player, coach and official for almost 60 years. He is a life member of Berowra Football Club as well as Lindfield Football Club and Northern Suburbs Football Association.
Special responsibilities:	Audit & Finance Committee
Name:	Gregory Stephen Steptoe
Title:	Non-executive director
Experience and expertise:	Gregory is a retired Public Service Administrator, a Justice of the Peace, and is a life member and past Treasurer of the Berowra Football Club.
Special responsibilities:	Assistant to Treasurer
Name:	Robert Jan Wawrzyniak
Title:	Non-executive director
Experience and expertise:	Robert is now retired and has over 40 years experience in Banking and Finance and has held Senior Executive roles with both retail and institutional banks. Robert has been a member of the NSW Rural Fire Service for over 10 years and is currently an Officer with the Hornsby Heights Brigade. Robert hold a Bachelor of Commerce, MBA, CPA, FFIN.
Special responsibilities:	Risk Committee
Name:	Stephen Hitchcock
Title:	Non-executive director
Experience and expertise:	Steve has spent his entire career in financial services, predominantly in the life insurance industry. His experience includes actuarial, marketing, product management, underwriting, claims, compliance and risk management. Steve attained General Manager and Chief Operating Officer roles at TAL, InsuranceLine and NobleOak. Over the last 10 years, Steve has successfully run his own management consultancy business. He is a qualified actuary, certified compliance professional and member of the Australian Institute of Company Directors.
Special responsibilities:	Nil

Directors' report (continued)

Name:	Dianne Rose Finch
Title:	Non-executive director
Experience and expertise:	Dianne started as a Legal Manager for a Mercantile company in their Dept Recovery Department and later built her first home in the Southern Highlands. Moving into the area she found a position as Legal Secretary for a local legal firm managing their Debt Recovery department and expanding to Conveyancing, enjoying the opportunity to work with Torrens Title properties but also had the opportunity to work on Old System, which introduced her to Real Estate. After raising her family, she joined a family-owned Agency on the Northern Beaches and worked for several years in property management progressed to managing their Commercial portfolio and then on the residential sales. Dianne and her family moved to Mt Kuring-gai in 2009 and joined a local Agency in Hornsby with her husband Dean. Thereafter obtained her Class 1 License as a Real Estate Agent and formed their own company selling residential homes, marketing for her clients and business marketing, accounts and on-going training.
Special responsibilities:	Nil

Company secretary

The Company secretary is Joy Lenore Rollason. Joy was appointed to the position of Company secretary on 2 November 2023.

Experience and expertise:	Joy holds a bachelor's degree in Information Services (Librarianship), a graduate diploma in Applied Corporate Governance and a diploma in Project Management. She has more than twenty years of company secretarial experience with unlisted public companies.
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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 \$139,867 (30 June 2024: \$179,958).

Dividends

No dividends were declared or paid in the current financial year.

Significant changes in the state of affairs

In May 2025, the company entered into a binding Business Sale Agreement with East Gosford & Districts Financial Services Ltd ("EGDFSL") for the sale of its business and operating assets. The agreement was subject to several conditions, including:

- Shareholder approval at an Extraordinary General Meeting;
- Execution of a new franchise agreement by EGDFSL; and
- Approval of the transaction by Bendigo Bank.

These developments represent a significant change in the state of affairs of the company during the year. Details of the satisfaction of these conditions and completion of the transaction after year end are provided under 'Matters subsequent to the end of the financial year' and note 2 of the financial statements.

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

Directors' report (continued)

Matters subsequent to the end of the financial year

Subsequent to the balance date, the shareholders of the company voted to undertake the following:

- Sell the revenue rights associated with the Berowra & District Financial Services Limited business under the franchise agreement with Bendigo Bank and all business assets to EGDFSL for \$480,000.
- Transfer the operations and lease of the Berowra branch to EGDFSL.
- Terminate the company's Franchise Agreement with Bendigo Bank.

Settlement of the sale was completed on 31 July 2025, and EGDFSL took over operations of the Berowra branch on 1 August 2025. The company intends to complete a return of capital to shareholders, cancel all outstanding ordinary shares, wind up and deregister the company.

These events confirm the appropriateness of preparing the 30 June 2025 financial report on a non-going concern basis. Refer to note 2 for further information.

No other 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

Subsequent to the end of the financial year the company sold its rights to revenue share, as well as all other business assets and transferred control of operations to EGDFSL. The company ceased operations on 31 July 2025 and intends to complete a return of capital to shareholders, cancel all outstanding ordinary shares, wind up and deregister 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 attended by each of the directors' of the company during the financial year were:

	Board Eligible	Attended
Thomas Zachary Collins	11	11
Bruce John Waterhouse	11	11
Gregory Stephen Steptoe	11	9
Robert Jan Wawrzyniak	11	6
Stephen Hitchcock	11	9
Dianne Rose Finch	11	10

Eligible: represents the number of meetings held during the time the director held office.

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

No director of the company has a shareholding in the company.

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.

Directors' report (continued)

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 27 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



Thomas Zachary Collins
Chairman

29 September 2025

Auditor's independence declaration



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

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

As lead auditor for the audit of Berowra & District 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'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2025

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

Financial statements

Berowra & District Financial Services Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Discontinued operations			
Revenue from contracts with customers	7	758,324	799,837
Other revenue		4,293	4,537
Gain on remeasurement of right-of-use assets	8	83,330	-
Total revenue		<u>845,947</u>	<u>804,374</u>
Employee benefits expense	9	(339,340)	(345,523)
Advertising and marketing costs		(8,823)	(3,027)
Occupancy and associated costs		(26,873)	(17,803)
System costs		(18,094)	(16,541)
Depreciation and amortisation expense	9	(104,109)	(103,499)
Loss on disposal of assets		(2,532)	-
Finance costs	9	(10,073)	(15,084)
General administration expenses		(66,581)	(50,969)
Total expenses before community contributions		<u>(576,425)</u>	<u>(552,446)</u>
Profit before community contributions and income tax expense		269,522	251,928
Charitable donations and sponsorships expense		<u>(16,087)</u>	<u>(11,707)</u>
Profit before income tax expense		253,435	240,221
Income tax expense	10	<u>(113,568)</u>	<u>(60,263)</u>
Profit after income tax expense for the year		139,867	179,958
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>139,867</u></u>	<u><u>179,958</u></u>
		Cents	Cents
Basic earnings per share	29	18.42	23.70
Diluted earnings per share	29	18.42	23.70

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes (all amounts relate to discontinued operations)

Financial statements (continued)

Berowra & District Financial Services Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	11	172,637	153,901
Trade and other receivables	12	65,655	80,121
Investments	13	201,913	100,000
Non-current assets classified as held for sale	16	54,772	-
Total current assets		<u>494,977</u>	<u>334,022</u>
Non-current assets			
Property, plant and equipment	14	-	48,351
Right-of-use assets	15	-	155,654
Intangible assets	17	-	28,441
Deferred tax assets	10	46,288	159,856
Total non-current assets		<u>46,288</u>	<u>392,302</u>
Total assets		<u>541,265</u>	<u>726,324</u>
Liabilities			
Current liabilities			
Trade and other payables	18	50,781	82,012
Lease liabilities	19	-	110,074
Employee benefits		7,152	10,110
Total current liabilities		<u>57,933</u>	<u>202,196</u>
Non-current liabilities			
Trade and other payables	18	-	15,166
Lease liabilities	19	-	124,471
Employee benefits		1,974	1,974
Lease make good provision	20	-	41,026
Total non-current liabilities		<u>1,974</u>	<u>182,637</u>
Total liabilities		<u>59,907</u>	<u>384,833</u>
Net assets		<u>481,358</u>	<u>341,491</u>
Equity			
Issued capital	21	728,537	728,537
Accumulated losses		<u>(247,179)</u>	<u>(387,046)</u>
Total equity		<u>481,358</u>	<u>341,491</u>

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

Financial statements (continued)

Berowra & District Financial Services Limited Statement of changes in equity For the year ended 30 June 2025

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023	728,537	(567,004)	161,533
Profit after income tax expense	-	179,958	179,958
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	179,958	179,958
Balance at 30 June 2024	<u>728,537</u>	<u>(387,046)</u>	<u>341,491</u>
 Balance at 1 July 2024	 728,537	 (387,046)	 341,491
Profit after income tax expense	-	139,867	139,867
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	139,867	139,867
Balance at 30 June 2025	<u>728,537</u>	<u>(247,179)</u>	<u>481,358</u>

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

Financial statements (continued)

Berowra & District Financial Services Limited Statement of cash flows For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Discontinued operations			
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		853,493	892,399
Payments to suppliers and employees (inclusive of GST)		(574,648)	(556,126)
Net cash provided by operating activities	28	278,845	336,273
Cash flows from investing activities			
Investment in term deposits		(101,913)	(100,000)
Payments for property, plant and equipment		(19,267)	(1,969)
Payments for intangible assets		(13,787)	(13,787)
Net cash used in investing activities		(134,967)	(115,756)
Cash flows from financing activities			
Interest and other finance costs paid		(8,301)	(13,204)
Repayment of lease liabilities		(116,841)	(96,073)
Net cash used in financing activities		(125,142)	(109,277)
Net increase in cash and cash equivalents		18,736	111,240
Cash and cash equivalents at the beginning of the financial year		153,901	42,661
Cash and cash equivalents at the end of the financial year	11	<u>172,637</u>	<u>153,901</u>

The above statement of cash flows should be read in conjunction with the accompanying notes (all amounts relate to discontinued operations)

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

The financial statements cover Berowra & District Financial Services Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 9, 1C Turner Road, Berowra Heights NSW 2082.

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 financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2025. The directors have the power to amend and reissue the financial statements.

Non-going concern basis

The financial statements for the year ended 30 June 2025 have been prepared on a non-going concern basis (sometimes referred to as a realisation basis), rather than on a going concern basis. This reflects the directors' decision to wind up the company following the sale of its only business. As disclosed in note 32 'Events after the reporting period', the company entered into a binding sale agreement in May 2025, shareholder approval was obtained in July 2025, and settlement was completed on 31 July 2025. The company has since ceased operations and intends to deregister before 30 June 2026.

Australian Accounting Standards and IFRS do not prescribe a specific accounting framework where the going concern assumption is no longer appropriate. The directors have therefore applied judgement in determining an appropriate basis of preparation. Under this basis:

- Assets have been measured at their recoverable amounts, being the amounts expected to be realised through sale or use, presented as non-current assets held for sale (current asset); and
- Liabilities have been measured at the amounts expected to be settled.

Further detail on the significant judgements and estimates applied in adopting this basis is provided in note 4 'Critical accounting judgements, estimates and assumptions'.

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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

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.

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.

Notes to the financial statements (continued)

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

Non-going concern basis

The financial statements for the year ended 30 June 2025 have been prepared on a non-going concern basis, reflecting the directors' decision to wind up the company following settlement of the sale of its only business.

Australian Accounting Standards and IFRS do not prescribe a specific accounting framework where the going concern assumption is no longer appropriate. Judgement was therefore required in determining an appropriate basis of preparation. Under this basis, assets have been measured at recoverable amounts and liabilities at amounts expected to be settled.

Key areas of judgement in applying this basis included the recoverable amount of non-financial assets, the classification of assets as held for sale, lease term assumptions, measurement of make-good provisions, derecognition of intangible assets, and the recoverability of deferred tax assets.

Non-current assets held for sale

At 30 June 2025, the company classified its property, plant and equipment and certain intangible assets as non-current assets held for sale under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* (AASB 5), reflecting the binding sale agreement entered into in May 2025.

Judgement was required in assessing whether the criteria for classification as held for sale were met, including whether the assets were available for immediate sale in their present condition and whether completion of the sale was highly probable within 12 months.

The purchase agreement did not separately allocate consideration between business assets and the rights to revenue under the franchise agreement. Instead, the agreement was negotiated on the basis that assets would transfer at their carrying amounts. Management has therefore judged that the carrying amounts approximate fair value less costs of disposal, and no adjustment was required. Depreciation and amortisation of these assets ceased from the date of classification.

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.

Notes to the financial statements (continued)

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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and carried-forward tax losses only if management considers it probable that future taxable amounts will be available to utilise those temporary differences and losses.

In preparing the financial statements on a non-going concern basis, management reassessed the recoverability of deferred tax assets in light of the company's intention to wind up. Recognition of carried-forward tax losses and deductible temporary differences was based on management's expectation that:

- the company will remain eligible to access the active business concession;
- taxable profits will arise from trading activities up to 31 July 2025; and
- additional taxable income will be generated on the sale of business assets.

As a result of this reassessment, the deferred tax asset was impaired by \$50,000 to reflect the portion of losses and deductible differences not expected to be recovered. The carrying amount of the deferred tax asset at 30 June 2025 therefore represents management's estimate of the recoverable amount, consistent with the non-going concern basis of preparation.

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.

Under the terms of the business sale agreement, the company agreed to transfer its lease to the purchaser. As a result, management determined that the lease term would end on 31 July 2025, consistent with the agreed settlement date of 1 August 2025. This reassessment reduced the remaining lease term used in measuring right-of-use assets and lease liabilities at 30 June 2025.

The reassessment resulted in a material gain on remeasurement of the lease liability and right-of-use asset. This gain has been recognised in profit or loss and is disclosed in note 8 'Gain on remeasurement of right-of-use assets'.

Make-good provision

Under the terms of the lease agreement, the company was originally required to restore the branch premises to its original condition at the end of the lease term. As part of the business sale, the lease was contractually transferred to the purchaser, who will continue to operate the branch. Management has therefore judged that the company will not be required to settle the make-good obligation. On this basis, the make-good provision was derecognised as part of the remeasurement of the lease liability and right-of-use asset at 30 June 2025.

Notes to the financial statements (continued)

Note 5. Economic dependency

During the financial year, the company operated as a franchisee of Bendigo and Adelaide Bank Limited ("Bendigo Bank") under a franchise agreement that governed the management of the Community Bank branch. The company's revenue was economically dependent on the ongoing receipt of income under this franchise agreement.

As a franchisee, the company promoted and facilitated the sale of Bendigo Bank products and services but was not a party to customer transactions. All deposits and lending products were provided by Bendigo Bank, which also bore the associated credit risk, subject to the company complying with relevant franchise procedures.

Bendigo Bank provided significant ongoing support to the company, including training, systems, payroll services, calculation of revenue, and assistance with marketing, operations, and compliance.

Subsequent to year end, the company terminated its franchise agreement with Bendigo Bank as part of the business sale completed on 31 July 2025, and ceased operations effective 1 August 2025. Accordingly, the company is no longer economically dependent on Bendigo Bank. Refer to note 32 'Events after the reporting period' and note 2 'Basis of preparation and statement of compliance'.

Note 6. Discontinued operations

In May 2025, the company entered into a binding agreement to sell the revenue rights associated with its Community Bank franchise business, together with all related business assets, to EGDFSL. Shareholders approved the transaction in July 2025, and settlement occurred on 31 July 2025, at which point the franchise agreement with Bendigo Bank was terminated and operations ceased.

As the company has sold its only business, the entire profit or loss and statement of cash flows for the year ended 30 June 2025 relate to discontinued operations. Accordingly, the results of discontinued operations are presented in full on the face of the Statement of profit or loss and other comprehensive income and Statement of cash flows.

At 30 June 2025, the company's property, plant and equipment and certain intangible assets were classified as non-current assets held for sale under AASB 5. Refer to note 16 'Non-current assets classified as held for sale' for further information.

Note 7. Revenue from contracts with customers

	2025 \$	2024 \$
From continuing operations		
Margin income	717,420	754,292
Fee income	34,141	37,681
Commission income	6,763	7,864
	<u>758,324</u>	<u>799,837</u>

Accounting policy for revenue from contracts with customers

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

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

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Notes to the financial statements (continued)

Note 8. Gain on remeasurement of right-of-use assets

	2025 \$	2024 \$
Gain on remeasurement of right-of-use assets	83,330	-

Following the decision to proceed with the sale of revenue rights as disclosed in the Directors' report, the company concluded it was no longer reasonably certain to remain party to the current Berowra Branch lease agreement beyond 31 July 2025. As such, the lease liability, make-good provision and right of use asset were remeasured to reflect the reduction in lease term. As a result of the remeasurement, an accounting gain was recognised.

Note 9. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	293,124	302,002
Superannuation contributions	33,521	33,797
Expenses related to long service leave	-	20
Other expenses	12,695	9,704
	<u>339,340</u>	<u>345,523</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	16,615	16,344
Plant and equipment	2,679	3,141
	<u>19,294</u>	<u>19,485</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	71,688	68,699
<i>Amortisation of intangible assets</i>		
Franchise fee	2,188	2,555
Franchise renewal fee	10,939	12,760
	<u>13,127</u>	<u>15,315</u>
	<u>104,109</u>	<u>103,499</u>

Finance costs

	2025 \$	2024 \$
Lease interest expense	8,301	13,204
Unwinding of make-good provision	1,772	1,880
	<u>10,073</u>	<u>15,084</u>

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

Notes to the financial statements (continued)

Note 10. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Movement in deferred tax	31,678	7,946
Recoupment of prior year tax losses	31,890	52,317
Impairment of deferred tax asset	50,000	-
Aggregate income tax expense	<u>113,568</u>	<u>60,263</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>253,435</u>	<u>240,221</u>
Tax at the statutory tax rate of 25%	63,359	60,055
Tax effect of:		
Non-deductible expenses	209	208
Impairment of deferred tax asset	50,000	-
Income tax expense	<u>113,568</u>	<u>60,263</u>
	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward tax losses	47,986	129,877
Provision for lease make good	-	10,257
Lease liabilities	-	58,636
Right-of-use assets	(1,698)	(38,914)
Deferred tax asset	<u>46,288</u>	<u>159,856</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 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 realised.

Note 11. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>172,637</u>	<u>153,901</u>

Notes to the financial statements (continued)

Note 12. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	58,299	73,172
Accrued income	1,915	1,578
Prepayments	5,441	5,371
	7,356	6,949
	65,655	80,121

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 13. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	201,913	100,000

Note 14. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	-	197,741
Less: Accumulated depreciation	-	(159,995)
	-	37,746
Plant and equipment - at cost	-	79,246
Less: Accumulated depreciation	-	(68,641)
	-	10,605
	-	48,351

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	54,090	11,777	65,867
Additions	-	1,969	1,969
Depreciation	(16,344)	(3,141)	(19,485)
Balance at 30 June 2024	37,746	10,605	48,351
Additions	16,985	2,282	19,267
Classified as held for sale (note 16)	(37,176)	(8,616)	(45,792)
Disposals	(940)	(1,592)	(2,532)
Depreciation	(16,615)	(2,679)	(19,294)
Balance at 30 June 2025	-	-	-

Notes to the financial statements (continued)

Note 14. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	5 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 15. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	-	487,810
Less: Accumulated depreciation	-	(332,156)
	-	155,654

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	204,295
Remeasurement adjustments	20,058
Depreciation expense	(68,699)
Balance at 30 June 2024	155,654
Remeasurement adjustments	(77,173)
Classified as held for sale (note 16)	(6,793)
Depreciation expense	(71,688)
Balance at 30 June 2025	-

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 8 and note 19 for more information on lease arrangements.

Notes to the financial statements (continued)

Note 16. Non-current assets classified as held for sale

	2025 \$	2024 \$
<i>Current assets</i>		
Land and buildings - right-of-use	6,793	-
Leasehold improvements	37,176	-
Plant and equipment	8,616	-
Intangibles	2,187	-
	<u>54,772</u>	<u>-</u>

At the reporting date, the directors had entered into a Business Sale Agreement for the sale of the revenue rights associated with the Berowra & District Financial Services Limited business under the franchise agreement with Bendigo Bank and all business assets to EGDFS Limited for \$480,000. While the final sale was conditional on events occurring after the reporting date, the directors concluded the sale was highly likely to be completed. All assets included within the Business Sale Agreement have been reclassified from property, plant and equipment, intangible assets and right-of-use assets at their realisable value, having met the recognition requirements per AASB 5.

Note 17. Intangible assets

	2025 \$	2024 \$
Franchise fee	-	43,685
Less: Accumulated amortisation	-	(38,945)
	<u>-</u>	<u>4,740</u>
Franchise renewal fee	-	168,425
Less: Accumulated amortisation	-	(144,724)
	<u>-</u>	<u>23,701</u>
	<u>-</u>	<u>28,441</u>

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	7,295	36,461	43,756
Amortisation expense	(2,555)	(12,760)	(15,315)
Balance at 30 June 2024	4,740	23,701	28,441
Classified as held for sale (note 16)	(364)	(1,823)	(2,187)
Disposals	(2,188)	(10,939)	(13,127)
Amortisation expense	(2,188)	(10,939)	(13,127)
Balance at 30 June 2025	<u>-</u>	<u>-</u>	<u>-</u>

Accounting policy for intangible assets

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

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

Notes to the financial statements (continued)

Note 17. Intangible assets (continued)

Change in estimates

The useful life of the franchise and franchise renewal fee has been reassessed to reflect termination of the franchise agreement effective 31 July 2025.

Note 18. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	3,058	11,086
Other payables and accruals	47,723	70,926
	<u>50,781</u>	<u>82,012</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	15,166
	<u>-</u>	<u>15,166</u>
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	50,781	97,178
Less: other payables and accruals (net GST payable to the ATO)	(10,991)	(14,580)
	<u>39,790</u>	<u>82,598</u>

Note 19. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	-	110,074
	<u>-</u>	<u>110,074</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	-	124,471
	<u>-</u>	<u>124,471</u>
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	234,545	316,866
Remeasurement adjustments	(117,704)	13,752
Lease interest expense	8,301	13,204
Lease payments - total cash outflow	(125,142)	(109,277)
	<u>-</u>	<u>234,545</u>

Accounting policy for lease liabilities

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

Notes to the financial statements (continued)

Note 19. Lease liabilities (continued)

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Berowra Branch	7.07%	10 months	N/A	N/A	31 July 2025

Remeasurement adjustments

As part of the sale of the company's rights to revenue share, the Berowra Branch lease was transferred to EGDFS to continue operations. As such an adjustment was required for the remeasurement of the right-of-use asset, lease liability and make-good provision. At the balance date, the company has paid all remaining lease liabilities to the new lease term end date of 31 July 2025.

Note 20. Lease make good provision

	2025 \$	2024 \$
Lease make good	-	41,026
<i>Reconciliation of lease make good provision</i>		
	2025 \$	2024 \$
Balance at the beginning	41,026	39,133
Present value discounting	1,772	1,880
Provision remeasurements	(42,798)	13
	-	41,026

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has previously estimated the provision to be \$45,527 for the Berowra Branch lease, based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. As part of the sale of the company's rights to revenue share, the Berowra Branch lease was transferred to EGDFS to continue operations. As such the make-good provision has been derecognised as the company will no longer have the obligation to restore the leased premises to the original condition.

Accounting policy for provisions

Provisions are recognised when the company has a present (legal or constructive) obligation as a result of a past event, it is probable the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. The provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Notes to the financial statements (continued)

Note 21. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	759,351	759,351	759,351	759,351
Less: Equity raising costs	-	-	(30,814)	(30,814)
	<u>759,351</u>	<u>759,351</u>	<u>728,537</u>	<u>728,537</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

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.

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

Notes to the financial statements (continued)

Note 21. Issued capital (continued)

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

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

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

Note 22. 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 23. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 24. 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.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

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

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

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

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables excluding prepayments (note 12)	60,214	74,750
Cash and cash equivalents (note 11)	172,637	153,901
Term deposits (note 13)	201,913	100,000
	<u>434,764</u>	<u>328,651</u>
Financial liabilities		
Trade and other payables (note 18)	39,790	82,598
Lease liabilities (note 19)	-	234,545
	<u>39,790</u>	<u>317,143</u>

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost which comprise trade and other receivables, cash and cash equivalents and investments in term deposits.

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

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 \$172,637 and term deposits of \$201,913 at 30 June 2025 (2024: \$153,901 and \$100,000).

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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 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	39,790	-	-	39,790
Total non-derivatives	39,790	-	-	39,790
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	67,432	15,166	-	82,598
Lease liabilities	112,770	134,146	-	246,916
Total non-derivatives	180,202	149,312	-	329,514

Note 25. Key management personnel disclosures

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

Thomas Zachary Collins
Bruce John Waterhouse
Gregory Stephen Steptoe

Robert Jan Wawrzyniak
Stephen Hitchcock
Dianne Rose Finch

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 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 25.

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.

Notes to the financial statements (continued)

Note 26. Related party transactions (continued)

Terms and conditions of transactions with related parties

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

Transactions with related parties

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

Note 27. 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	8,580	6,650
<i>Other services</i>		
General advisory services	3,235	3,640
Share registry services	5,019	3,161
	8,254	6,801
	<u>16,834</u>	<u>13,451</u>

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	139,867	179,958
Adjustments for:		
Depreciation and amortisation	104,109	103,499
Net loss on disposal of non-current assets	2,532	-
Gain on remeasurement of right-of-use assets	(83,330)	-
Lease liabilities interest	8,301	13,204
Change in operating assets and liabilities:		
Decrease in trade and other receivables	14,466	6,625
Decrease in deferred tax assets	113,568	60,263
Decrease in trade and other payables	(19,483)	(20,621)
Decrease in employee benefits	(2,958)	(8,535)
Increase in provisions	1,773	1,880
Net cash provided by operating activities	<u>278,845</u>	<u>336,273</u>

Notes to the financial statements (continued)

Note 29. Earnings per share

	2025 \$	2024 \$
Profit after income tax	139,867	179,958
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	759,351	759,351
Weighted average number of ordinary shares used in calculating diluted earnings per share	759,351	759,351
	Cents	Cents
Basic earnings per share	18.42	23.70
Diluted earnings per share	18.42	23.70

Accounting policy for earnings per share

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

Note 30. Commitments

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

Note 31. Contingencies

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

Note 32. Events after the reporting period

On 1 August 2025, the company completed the sale of its Community Bank franchise business to EGDFSL for \$480,000. The transaction was approved by shareholders at an Extraordinary General Meeting in July 2025, and all other conditions precedent, including Bendigo Bank approval, were satisfied prior to settlement.

As part of the sale, the franchise agreement with Bendigo Bank was terminated, the Berowra Branch lease was transferred to the purchaser, and all business operations ceased. The directors intend to complete a return of capital to shareholders and subsequently wind up and deregister the company before 30 June 2026.

No other 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.

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, prepared on a non-going concern basis as described in note 2 of the financial statements; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable up to the date of wind-up, through the proceeds of the business sale and realization of assets; 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



Thomas Zachary Collins
Chairman

29 September 2025

Independent audit report



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

Independent auditor's report to the Directors of Berowra & District Financial Services Limited Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Berowra & District Financial Services Limited (the company), 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*.

Emphasis of matter – non-going concern basis of preparation

Without modifying our opinion, we draw attention to Note 2 – Basis of Preparation of the financial report, which describes that the financial statements have been prepared on a non-going concern basis. As disclosed in Note 2 and Note 32, the company sold its revenue rights, terminated its franchise agreement, ceased operations effective 31 July 2025, and the directors intend to deregister the company before 30 June 2026.

Accordingly, the financial report has not been prepared on a going concern basis, but on a non-going concern basis of accounting, reflecting the directors' decision to wind up the company. Our opinion is not modified in respect of this matter.

What we have audited

We have audited the financial report of 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.



Andrew Frewin Stewart
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Other information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 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.

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'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 29 September 2025

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

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