

Annual Report 2025

Break O'Day Community
Financial Services Limited

Community Bank
St Helens-St Marys

ABN 63 614 142 853



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Chair's report

For year ending 30 June 2025

It is my privilege to present the Chair's Report for Break O' Day Financial Services Limited for this year's annual report.

The Community Bank model stands apart in the financial services sector, and we are proud to champion its unique approach. Our two core points of difference continue to be unwavering: we share our profits with local communities, and we deliver personal customer service tailored to individual needs. Our dedicated branch staff are locals themselves; they know our customers and understand our community intimately, fostering a genuine sense of care and connection. It is this commitment that has contributed to Bendigo's reputation as the most trusted of the larger banks and the institution with the most satisfied home loan customers in the segment.

Since our establishment in 2018, Break O' Day Community Financial Services Limited has directly contributed \$85,000 back into our local community. This funding has made a tangible difference in numerous ways. Our annual bursary scheme is supporting local grade ten students, helping them pursue their educational goals. Community organisations have benefitted from our grants program, receiving small but meaningful boosts to their operations, while sporting clubs and venues have gained greater financial predictability through the security of our three-year sponsorship agreements.

When we look to the example set by longer established Bendigo Community Banks – such as Community Bank Huonville and Community Bank Deloraine, which have returned \$5 million and \$3.7 million, respectively, to their communities – the potential for long-term community impact is both clear and inspiring. Should we continue to grow our customer base and local support, we too will be able to provide even greater returns to the Break O' Day region.

On a national scale, the Bendigo Community Banking network collectively returned over \$50 million to regional communities in the last financial year alone. This has taken the total to \$416 million since inception in 1998. This remarkable figure is a testament to the power of the community bank model and its capacity to make a difference across Australia.

Our branch is powered by a truly outstanding team of staff whose motivation and professionalism make every banking experience easy, pleasant, and informed. On behalf of the Board, I extend sincere thanks to Pam, Jane, Shelly, Sue, and Kristen – our staff are a credit to our organisation.

Financially, we have been able to award two dividend payments to our shareholders, in accordance with our profit-sharing arrangements. Our intention is to continue growing the business so we are positioned to reward our local shareholders further – those who so generously provided the capital necessary to establish both our company and our branch. We encourage all shareholders to remain active advocates for our bank, sharing our story within the community and encouraging others to consider our services.

We are part of something much larger. Our thanks go to Martyn Neville, Tasmanian Regional Manager, for his outstanding support of both the branch team and the Board. Significant progress has been made through the development and sharing of resources by the National Community Bank Network, strengthening company governance across the network and supporting our commitment to best practice.

This year, I will be attending the Bendigo National Conference in Canberra in mid-September. This event will offer valuable insights into the evolving landscape of community banking, and I hope to return with fresh ideas and inspiration to further strengthen our company.

Our commitment to strong governance remains an ongoing priority. As you will see in the accompanying Director list, we continue to renew and expand our Board, aiming for diverse perspectives and robust guidance as we navigate an ever-changing financial services environment.

Chair's report (continued)

Adaptability and connection will be our watchwords as we move forward. The financial world is evolving rapidly, and we must remain flexible in our thinking, deeply connected to the needs of our customers, and proactive in informing them about new developments and opportunities. Ongoing engagement with both shareholders and the broader community is essential; by telling the story of community banking and demonstrating its value, we can ensure ongoing viability and drive the growth of our bank.

In summary, the message is simple: the greater the support we receive from our community – that is we need people to bank with us, the more we are able to return in support of our community's needs. Together, we can ensure that our local bank continues to thrive – delivering benefits for many and building a stronger community for all.

Thank you for your ongoing support.



Stephen Walley
Board Chair

Senior Branch Manager's report

For year ending 30 June 2025

Break O'Day Community Financial Services Limited provide a full service Bank in St Helens that keeps its profits local. We have now given \$85,403 back to our community in our seven years of trading. This has been through funding of grants, sponsorship and student bursaries to our local schools.

In FY25 Community Banking invested more than \$50 million into local communities, throughout Australia, adding to a total of \$416 million since 1998. This funding enables community infrastructure development, strengthens the arts and culturally diverse communities, improving educational outcomes, and fosters healthy places for Australians to live and work.

Shelley, Jane, Sue and Pam have continued to provide our customers with exceptional service. I am very proud of my team and the customer service they provide. We pride ourselves on guiding customers through financial decisions and helping customers to achieve their goals and dreams.

My heartfelt thanks to Martyn Neville, our Regional Manager for his support and guidance.

Our Community Bank Board of Directors are volunteers working for our community, all people with very busy lives. I thank them for their support, and for their service to our community.

To our shareholders, thank you for your ongoing support. It is because of you that we have a bank in our regional towns.

We want to stay profitable and relevant, and continue to provide full banking services in St Helens we require your ongoing support. So I ask you, our Community Bank shareholders – when was the last time you reviewed your current banking? Do you have banking with other financial institutions that is not currently supporting your community bank?

We are the better big bank, Australia's most trusted bank, with Australia's most satisfied home loan customers. In the current interest rate environment, our Free Home Loan Health Check has the ability to save customers or non-customers that choose to switch thousands of dollars.

Be sure to have any of your family and friends with any banking or financial requests reach out to allow the team to assist.

Support us, to support you and your community.

Together we can make great things happen!

Kristen Darke
Senior Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2025

This year marks another significant chapter in our shared journey, one defined by **adaptation, collaboration, and remarkable achievements**. I'm immensely proud of our collective progress and the unwavering commitment demonstrated by our combined networks.

We began 2025 with a renewed focus on **model evolution**, a top priority that guided our decisions and initiatives throughout the year. This involved navigating the Franchising Code and broader regulatory changes to the **Franchise Agreement**. Thanks to the network's proactive engagement and cooperation, we successfully reviewed the agreement, and the necessary changes were implemented smoothly.

Beyond the operational successes, I want to highlight the **invaluable contributions** our Community Banks continue to make to their local communities. The dedication and commitment to supporting local initiatives remain a cornerstone of our combined success and a source of immense pride for Bendigo Bank.

In FY25, more than \$50 million was invested in local communities, adding to a total of and \$416 million since 1998. This funding enables community infrastructure development, strengthens the arts and culturally diverse communities, improving educational outcomes, and fosters healthy places for Australians to live and work.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your resilience, adaptability, and unwavering belief in our vision have been instrumental in our success. You are an integral part of the Bendigo Bank Community Banking family.

Your continued support is vital, and the results we've achieved together in 2025 underscore the continuing relevance and importance of the Community Bank model.

Justine Minne

Head of Community Banking, Bendigo Bank

Community Bank National Council report

For year ending 30 June 2025



A warm welcome to our existing and new shareholders. Thank you for your support and for sharing in our purpose. We're immensely proud of our Community Bank network which was a first mover in Australia in 1998 through our unique social enterprise model.

The principles of the Community Bank model are the same as they were when the first Community Bank opened its doors. The principles are centred on:

- Relationships based on goodwill, trust and respect
- Local ownership, local decision making, local investment
- Decisions which are commercially focussed and community spirited
- Shared effort reward and risk; and
- Decisions which have broad based benefits.

Today the network has grown to 303 Community Bank branches. We represent a diverse cross-section of Australia with more than 214 community enterprises, 70,000+ shareholders, 1,500+ volunteer Directors, 1,700 staff and 998,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in the success story. The CBNC consists of both elected and appointed members from every state and territory sharing and reflecting the voice of the network. It's the role of the CBNC to initiate, lead and respond to strategic issues and opportunities that enhance the sustainability, resilience and prospects of the Community Bank model.

We utilise a range of forums to ensure the ongoing success of the network. Our State Connect events have been one of many network engagement activities that have enabled Bendigo Bank execs, staff, the CBNC and Directors to come together to share ideas, insights and ensure we are collaborating better together.

As consumer behaviours shift, and the environment in which we operate challenges the status quo, we embrace the opportunities that come with this new reality. We've already completed the mandatory changes to the Franchise Agreement with Bendigo Bank which were required by 1 April 2025.

The mandatory changes of the Franchise Agreement were in response to the Franchise Code of Conduct Review along with requirements from other external statutory and government bodies. This process which was led by Council in partnership with the Bank, was necessary to ensure our long-term sustainability. Council also sought legal advice on behalf of the network to ensure the changes were fair.

We also recognise the time is now to consider our model and how we combine the value of local presence with new digital capabilities that expand rather than diminish our community impact. This work forms part of the Model Evolution process which will be co-designed with Bendigo Bank and implemented over the next 12 months. Building further on our enhanced digital presence, community roots and measurable impact, we've reached another major milestone. We now have 41 Community Bank companies formerly certified as social enterprises through Social Traders. It's a powerful endorsement of our commitment to delivering both commercial and social outcomes.

This recognition through Social Traders opens new opportunities for our network. It's paved the way for new partnerships with other enterprises in the sector that share our values and mission to build a better, stronger Australia.

Our increased engagement with the broader social enterprise sector has not only enabled us to diversify our partnerships; we've also deepened our impact. Over \$416 million and counting – that's how much has been reinvested back into local communities.

As we look to the future, we remain committed to the founding principles of the Community Bank model. Community is at the centre of everything we do, and our purpose remains clear: to create meaningful, lasting value for the communities we serve.

Community Bank National Council

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:	Stephen John Walley
Title:	Non-executive director
Experience and expertise:	Stephen is an Educational Consultant/Coach. A distinguished teaching career saw Stephen achieve Principalship of St Helens, St Marys and Prospect High Schools. He currently offers Educational Leadership and Coaching as a private consultant. Stephen continues to support young people and his community commitment shines in his Life Membership of St Helens Football Club and continuing involvement in a range of other community committees. Building community connections is a key success factor for the Community Bank and the Board values Stephen's extensive skills in this area.
Special responsibilities:	HR Committee, Marketing and Sponsorship Committee
Name:	David Edward Llewellyn AM
Title:	Non-executive director
Experience and expertise:	David is a Viticulturist. David is the former Owner/Manager of Priory Ridge Wines, a successful business in St Helens. As a former politician for 28 years, he served more than 14 years as a Cabinet Minister in previous Tasmanian Governments and for some time held the position of Deputy Premier. David is a member of the Diocesan Board of Trustees for the Anglican Church in Tasmania and a former Chairman of Anglicare Tasmania. David has a 26 year background in electronic engineering as a senior Technical Officer and Operations Manager. In 2012 he was made a Member of the Order of Australia for services to the Tasmanian Parliament and to charity.
Special responsibilities:	Deputy Chairman, Audit Risk Management Committee
Name:	Sandra Maree Lohrey
Title:	Non-executive director
Experience and expertise:	Sandra is a Retail Assistant. Sandra was born and raised in St Helens and is now employed here in the retail sector. She has experience as a small business operator in her role as a Nutrimerics sales consultant. As Team Captain and participant in the Cancer Council's Relay for Life. Sandra is a capable organiser. She has coordinated the work of the Steering Committee as Secretary and her extensive local connections and relationships will be strong assets in the Board's community development for the Bank.
Special responsibilities:	HR Committee
Name:	Garry Colin Pannan
Title:	Non-executive director
Experience and expertise:	Garry is presently a real estate agent Garry has owned and operated businesses for the last 20 years, currently has 6 employees. Bringing to the board a background in sales, marketing, bookkeeping and running small businesses. On the board of Break O'Day Chamber of commerce and former board member of East Coast Tourism.
Special responsibilities:	Marketing and Sponsorship Committee
Name:	Elise Hayley Frost
Title:	Non-executive director
Experience and expertise:	Elise holds a Bachelor of Business and currently runs a marketing agency, specialising in branding and digital marketing. She has significant senior management experience from a decade working in local government, including experience in HR management, financial reporting, stakeholder management and strategic communications. Elise is involved locally in junior sports and is also a qualified Swimming Teacher.
Special responsibilities:	Marketing and Sponsorship Committee

Directors' report (continued)

Name:	Kevin Reilly
Title:	Non-executive director (appointed 27 August 2024)
Experience and expertise:	Kevin is a Tax accountant at Core Accounting Launceston since 2024. Previously worked at Parker Accounting (2018-2024), worked in funds management at BT Financial Services (2011-2017), and has had various financial accounting roles since 1995 in Queensland, NSW and the UK. Kevin has a Bachelor of Commerce from James Cook University. Kevin is a CA ANZ and Tax Practitioner's board member. Kevin is also Treasurer of the Scottsdale Silhouette Pistol, Target and Hunting Club.
Special responsibilities:	Treasurer
Name:	Sheree Louise Archer
Title:	Non-executive director (appointed 25 February 2025)
Experience and expertise:	Sheree has worked in the financial industry most of her working life with close to 19 years in the banking sector and held senior administrative roles over 14 years in financial planning businesses. She was the first Branch Manager for the St Helens / St Marys Community Bank and enjoyed the challenge of working together with a newly appointed team to establish and build the branch in its early stages. She held this role for 1.5 years and is now back working with the great group of people in the board of directors in the role of company secretary. Sheree joined the board as a Director in February 2025 and now has the ability to have input regarding management decisions made by the Board as a whole and contribute to the success of the business.
Special responsibilities:	Company secretary
Name:	John Brakey
Title:	Non-executive director (resigned 21 August 2024)
Experience and expertise:	John previously had 27 years in Finance, working in the superannuation industry and funds management and investing globally in private markets. For the last 5 years, John has been managing businesses in the North East of Tasmania that currently employ 12 people.
Special responsibilities:	Nil
Name:	Roger William Harrison Harlow
Title:	Non-executive director (resigned 13 September 2024)
Experience and expertise:	Roger is a Retired Teacher and Scientist. Trained at University of Adelaide (BSc Hons PhD) 1966-1975, Lecturer in wine science at Roseworthy Agricultural College SA, (1974-75) Senior Research Officer, immunology at Dept of Medicine, University of Tasmania, (1976-80) secondary and senior secondary Maths Science teaching with Dept of Education Tasmania (1983-2008, Scottsdale, St Marys, St Helens). Now retired, work as a hobby farmer and beekeeper. Community service roles as Treasurer of Portland Council, Director and Treasurer for Break O'Day Health Resource Association Inc (1995- 2005), Director and Vice Chair Medea Park Association Inc (Aged Care, 1992-2021), Member Steering Committee, St Helens-St Marys Community Bank (2016-2018), Director & Treasurer, Break O'Day CFSL.
Special responsibilities:	Treasurer

Company secretary

The Company secretary is Sheree Louise Archer. Sheree was appointed to the position of Company secretary on 23 February 2023.

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 \$33,957 (30 June 2024: \$49,623).

Operations have continued to perform in line with expectations.

Directors' report (continued)

Dividends

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

	2025 \$	2024 \$
Unfranked dividend of 3 cents per share (2024: nil cents)	22,826	-

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 director meetings attended by each of the director of the company during the financial year were:

	Board	
	Eligible	Attended
Stephen John Walley	11	11
David Edward Llewellyn AM	11	9
Sandra Maree Lohrey	11	10
Garry Colin Pannan	11	8
Elise Hayley Frost	11	11
Kevin Reilly	9	9
Sheree Louise Archer	4	4
John Brakey	1	1
Roger William Harrison Harlow	1	1

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' report (continued)

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
Stephen John Walley	5,001	-	5,001
David Edward Llewellyn AM	32,401	-	32,401
Sandra Maree Lohrey	2,501	-	2,501
Garry Colin Pannan	5,000	-	5,000
Elise Hayley Frost	-	-	-
Kevin Reilly	-	-	-
Sheree Louise Archer	-	-	-
John Brakey	-	-	-
Roger William Harrison Harlow	4,272	-	4,272

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.

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 26 to the accounts.

Directors' report (continued)

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



Stephen John Walley
Chair

30 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 Break O'Day Community Financial Services Ltd

As lead auditor for the audit of Break O'Day Community Financial Services Ltd 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: 30 September 2025

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

Lachlan Tatt
Lead Auditor

Financial statements

Break O'Day Community Financial Services Ltd Statement of profit or loss and other comprehensive income For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	488,325	512,702
Other revenue	7	37,573	37,738
Finance revenue		4,338	4,109
Total revenue		<u>530,236</u>	<u>554,549</u>
Employee benefits expense	8	(279,671)	(275,457)
Advertising and marketing costs		(5,793)	(13,222)
Occupancy and associated costs		(17,125)	(12,611)
System costs		(15,511)	(14,730)
Depreciation and amortisation expense	8	(56,822)	(67,586)
Finance costs	8	(12,179)	(12,168)
General administration expenses		(73,637)	(86,038)
Total expenses before community contributions and income tax expense		<u>(460,738)</u>	<u>(481,812)</u>
Profit before community contributions and income tax expense		69,498	72,737
Charitable donations and sponsorships expense		<u>(24,057)</u>	<u>(5,414)</u>
Profit before income tax expense		45,441	67,323
Income tax expense	9	<u>(11,484)</u>	<u>(17,700)</u>
Profit after income tax expense for the year		33,957	49,623
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>33,957</u></u>	<u><u>49,623</u></u>
		Cents	Cents
Basic earnings per share	28	4.46	6.52
Diluted earnings per share	28	4.46	6.52

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

Financial statements (continued)

Break O'Day Community Financial Services Ltd Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	10	122,268	329,481
Trade and other receivables	11	43,757	46,546
Investments	12	260,000	-
Total current assets		<u>426,025</u>	<u>376,027</u>
Non-current assets			
Investment properties	13	3,086	6,807
Property, plant and equipment	14	117,175	139,463
Right-of-use assets	15	158,444	175,993
Intangible assets	16	34,263	47,527
Deferred tax assets	9	52,735	64,219
Total non-current assets		<u>365,703</u>	<u>434,009</u>
Total assets		<u>791,728</u>	<u>810,036</u>
Liabilities			
Current liabilities			
Trade and other payables	17	64,900	52,099
Borrowings	18	7,213	4,811
Lease liabilities	19	29,853	29,853
Employee benefits		10,422	13,732
Total current liabilities		<u>112,388</u>	<u>100,495</u>
Non-current liabilities			
Trade and other payables	17	14,831	29,663
Borrowings	18	25,886	33,099
Lease liabilities	19	167,106	188,549
Employee benefits		7,508	5,505
Provisions		3,590	3,437
Total non-current liabilities		<u>218,921</u>	<u>260,253</u>
Total liabilities		<u>331,309</u>	<u>360,748</u>
Net assets		<u>460,419</u>	<u>449,288</u>
Equity			
Issued capital	20	724,372	724,372
Accumulated losses		<u>(263,953)</u>	<u>(275,084)</u>
Total equity		<u>460,419</u>	<u>449,288</u>

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

Financial statements (continued)

Break O'Day Community Financial Services Ltd Statement of changes in equity For the year ended 30 June 2025

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023		724,372	(324,707)	399,665
Profit after income tax expense		-	49,623	49,623
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	49,623	49,623
Balance at 30 June 2024		<u>724,372</u>	<u>(275,084)</u>	<u>449,288</u>
Balance at 1 July 2024		724,372	(275,084)	449,288
Profit after income tax expense		-	33,957	33,957
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	33,957	33,957
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	22		(22,826)	(22,826)
Balance at 30 June 2025		<u>724,372</u>	<u>(263,953)</u>	<u>460,419</u>

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

Financial statements (continued)

Break O'Day Community Financial Services Ltd 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)		581,335	617,735
Payments to suppliers and employees (inclusive of GST)		(458,365)	(448,123)
Interest received		4,406	3,724
Net cash provided by operating activities	27	127,376	173,336
Cash flows from investing activities			
Payments for investments		(260,000)	-
Payments for property, plant and equipment	14	-	(4,763)
Payments for intangible assets		(13,483)	(13,483)
Proceeds from disposal of property, plant and equipment		-	10,000
Net cash used in investing activities		(273,483)	(8,246)
Cash flows from financing activities			
Repayment of borrowings		(4,811)	(5,090)
Interest and other finance costs paid		(12,026)	(12,021)
Dividends paid	22	(22,826)	-
Repayment of lease liabilities		(21,443)	(20,502)
Net cash used in financing activities		(61,106)	(37,613)
Net increase/(decrease) in cash and cash equivalents		(207,213)	127,477
Cash and cash equivalents at the beginning of the financial year		329,481	202,004
Cash and cash equivalents at the end of the financial year	10	122,268	329,481

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

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

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

Registered office

48 Cecilia Street, St Helens TAS 7216

Principal place of business

41 Cecilia Street, St Helens TAS 7216

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 30 September 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.

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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

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 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.

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.

Notes to the financial statements (continued)

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

Lease term

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

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

Note 5. Economic dependency

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

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

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	409,917	448,218
Fee income	27,771	30,557
Commission income	50,637	33,927
	<u>488,325</u>	<u>512,702</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.

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

Revenue stream	Includes	Performance obligation	Timing of recognition
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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

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

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

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

Commission income

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

Fee income

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

Core banking products

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

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 7. Other revenue

	2025 \$	2024 \$
Secondment income	26,228	31,082
Rental income	11,345	6,656
	<u>37,573</u>	<u>37,738</u>

Notes to the financial statements (continued)

Note 7. Other revenue (continued)

Secondment income

The company regularly seconds its own employees out to other Bendigo Bank branches. This income refers to the compensation charged by the company for the employee services provided during the secondment period.

Rental income

Rental income from right-of-use assets subleased, is accounted for on a straight-line basis over the lease term. If not received at balance date, revenue is reflected on the balance sheet as a receivable and carried at its recoverable amount.

Note 8. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	231,940	237,616
Superannuation contributions	21,451	21,607
Expenses related to long service leave	2,003	3,517
Other expenses	24,277	12,717
	<u>279,671</u>	<u>275,457</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	12,102	12,281
Plant and equipment	2,334	5,894
Motor vehicles	7,852	8,498
	<u>22,288</u>	<u>26,673</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	10,088	20,674
Investment properties	11,182	654
	<u>21,270</u>	<u>21,328</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	13,264	13,263
Rights to revenue share	-	6,322
	<u>13,264</u>	<u>19,585</u>
	<u>56,822</u>	<u>67,586</u>

Finance costs

	2025 \$	2024 \$
Lease interest expense	9,013	9,954
Unwinding of make-good provision	153	147
Chattel mortgage interest expense	3,013	2,067
	<u>12,179</u>	<u>12,168</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Leases recognition exemption

	2025 \$	2024 \$
Expenses relating to low-value leases	4,917	4,323

Note 9. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Movement in deferred tax	(3,159)	(7,047)
Recoupment of prior year tax losses	14,643	25,672
Under/over adjustment	-	(925)
Aggregate income tax expense	11,484	17,700
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	45,441	67,323
Tax at the statutory tax rate of 25%	11,360	16,831
Tax effect of:		
Non-deductible expenses	124	1,794
Under/over adjustment	-	(925)
Income tax expense	11,484	17,700
	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	3,248	(1,325)
Employee benefits	4,483	4,809
Provision for lease make good	898	859
Accrued expenses	-	1,100
Income accruals	(80)	(97)
Lease liabilities	49,240	54,601
Right-of-use assets	(40,383)	(45,700)
Carried-forward tax losses	35,329	49,972
Deferred tax asset	52,735	64,219

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 utilised.

Notes to the financial statements (continued)

Note 10. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	122,268	329,481

Note 11. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	36,526	39,373
Other receivables and accruals	-	(144)
Accrued income	317	385
Prepayments	6,914	6,932
	7,231	7,173
	43,757	46,546

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>		
Term deposits	200,000	-
Managed Funds	60,000	-
	260,000	-

Accounting policy for 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.

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Notes to the financial statements (continued)

Note 13. Investment properties

	2025 \$	2024 \$
Investment property - sublease - at cost	14,922	7,461
Less: Accumulated depreciation	(11,836)	(654)
	<u>3,086</u>	<u>6,807</u>

Reconciliation

Reconciliation of the beginning and end of the current and previous financial year are set out below:

Opening amount	6,807	-
Remeasurement adjustment	7,461	7,461
Depreciation expense	(11,182)	(654)
Closing amount	<u>3,086</u>	<u>6,807</u>

Accounting policy for investment properties - sublease

The company subleases some of its property. The company initially measures the head lease in accordance with the accounting policies in note 19 'Lease liabilities' and note 15 'Right-of-use assets' before separately identifying the sublease portion under AASB 140 *Investment property*. The investment property is initially measured at cost under AASB 16 *leases* and subsequently measured at cost less accumulated depreciation under AASB 140 *investment properties*. The separately identifiable portion is calculated based on the sublease term and size of subleased area as a percentage of the head lease term and area.

When the company acts as a lessor, it determines at lease inception whether each lease is a finance or operating lease.

To classify each lease, the company makes an overall assessment of whether the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

During the sublease term the company recognises sublease income in other revenue when earned. Depreciation on the right-of-use asset and interest on the lease liability is recognised under the head lease. The company recognises the sublease portion of the right-of-use asset within investment property.

Note 14. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	174,736	174,736
Less: Accumulated depreciation	(84,150)	(72,048)
	<u>90,586</u>	<u>102,688</u>
Plant and equipment - at cost	47,298	47,298
Less: Accumulated depreciation	(43,623)	(41,289)
	<u>3,675</u>	<u>6,009</u>
Motor vehicles - at cost	39,264	39,264
Less: Accumulated depreciation	(16,350)	(8,498)
	<u>22,914</u>	<u>30,766</u>
	<u>117,175</u>	<u>139,463</u>

Notes to the financial statements (continued)

Note 14. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2023	112,883	9,226	39,264	161,373
Additions	2,086	2,677	-	4,763
Depreciation	(12,281)	(5,894)	(8,498)	(26,673)
Balance at 30 June 2024	102,688	6,009	30,766	139,463
Depreciation	(12,102)	(2,334)	(7,852)	(22,288)
Balance at 30 June 2025	<u>90,586</u>	<u>3,675</u>	<u>22,914</u>	<u>117,175</u>

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	5 to 15 years
plant and equipment	4 to 15 years
Motor vehicles	5 years

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

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

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

Note 15. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	275,426	282,887
Less: Accumulated depreciation	<u>(116,982)</u>	<u>(106,894)</u>
	<u>158,444</u>	<u>175,993</u>

Notes to the financial statements (continued)

Note 15. 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	200,881
Remeasurement adjustments	(4,214)
Depreciation expense	<u>(20,674)</u>
Balance at 30 June 2024	175,993
Remeasurement adjustments	(7,461)
Depreciation expense	<u>(10,088)</u>
Balance at 30 June 2025	<u><u>158,444</u></u>

Accounting policy for right-of-use assets

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

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

Refer to note 19 for more information on lease arrangements.

Note 16. Intangible assets

	2025 \$	2024 \$
Franchise fee	76,316	76,316
Less: Accumulated amortisation	<u>(42,053)</u>	<u>(28,789)</u>
	<u>34,263</u>	<u>47,527</u>
Rights to revenue share	21,072	21,072
Less: Accumulated amortisation	<u>(21,072)</u>	<u>(21,072)</u>
	<u>-</u>	<u>-</u>
	<u><u>34,263</u></u>	<u><u>47,527</u></u>

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

	Franchise fee \$	Rights to revenue share \$	Total \$
Balance at 1 July 2023	60,790	6,322	67,112
Amortisation expense	<u>(13,263)</u>	<u>(6,322)</u>	<u>(19,585)</u>
Balance at 30 June 2024	47,527	-	47,527
Amortisation expense	<u>(13,264)</u>	<u>-</u>	<u>(13,264)</u>
Balance at 30 June 2025	<u><u>34,263</u></u>	<u><u>-</u></u>	<u><u>34,263</u></u>

Notes to the financial statements (continued)

Note 16. 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.

Rights to revenue share acquired as a result of the agency buy out were recognised at cost at the date of acquisition and have been assessed as having a useful life of five years.

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

Asset class	Method	Useful life	Expiry/renewal date
Establishment fee	Straight-line	Over the franchise term (5 years)	February 2028
Franchise fee	Straight-line	Over the franchise term (5 years)	February 2028
Rights to revenue share	Straight-line	5 years	June 2024

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

Note 17. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	7,334	45
Other payables and accruals	57,566	52,054
	<u>64,900</u>	<u>52,099</u>
<i>Non-current liabilities</i>		
Other payables and accruals	14,831	29,663
	<u>14,831</u>	<u>29,663</u>
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	79,731	81,762
Less: Other payables and accruals - net GST (payable to)/refundable from the ATO	3,227	2,171
	<u>82,958</u>	<u>83,933</u>

Note 18. Borrowings

	2025 \$	2024 \$
<i>Current liabilities</i>		
Chattel mortgage	7,213	4,811
	<u>7,213</u>	<u>4,811</u>
<i>Non-current liabilities</i>		
Chattel mortgage	25,886	33,099
	<u>25,886</u>	<u>33,099</u>

Notes to the financial statements (continued)

Note 18. Borrowings (continued)

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 19. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	29,853	29,853
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	167,106	188,549
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	218,402	235,498
Remeasurement adjustments	-	3,406
Lease interest expense	9,013	9,954
Lease payments - total cash outflow	(30,456)	(30,456)
	196,959	218,402

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
St Helens Branch	4.46%	5 years	1 x 5 years	Yes	January 2033

Note 20. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	760,851	760,851	760,851	760,851
Less: Equity raising costs	-	-	(36,479)	(36,479)
	760,851	760,851	724,372	724,372

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

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 (the "base number test"). The base number is 257. As at the date of this report, the company had 286 shareholders (2024: 282 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.

Notes to the financial statements (continued)

Note 20. Issued capital (continued)

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 21. 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 22. Dividends

Dividends provided for and paid during the period

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 \$
Unfranked dividend of 3 cents per share (2024: nil cents)	22,826	-

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

Note 23. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, lease liabilities, investments in term deposits and managed funds. 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 23. 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.

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)	36,843	39,614
Cash and cash equivalents (note 10)	122,268	329,481
Term deposits (note 12)	200,000	-
Financial assets at fair value through profit or loss		
Managed funds (note 12)	60,000	-
	<u>419,111</u>	<u>369,095</u>
Financial liabilities		
Trade and other payables (note 17)	82,958	83,933
Lease liabilities (note 19)	196,959	218,402
Chattel mortgage (note 18)	33,099	37,910
	<u>313,016</u>	<u>340,245</u>

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

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

Derecognition

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

Impairment of trade and other receivables

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

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

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.

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 \$122,268 and term deposits of \$260,000 at 30 June 2025 (2024: \$329,481 and \$ nil).

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				
Chattel mortgages	7,213	31,020	-	38,233
Trade and other payables	68,127	14,831	-	82,958
Lease liabilities	30,456	121,824	78,678	230,958
Total non-derivatives	105,796	167,675	78,678	352,149
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Chattel mortgages	7,213	38,233	-	45,446
Trade and other payables	54,270	29,663	-	83,933
Lease liabilities	30,456	121,824	109,134	261,414
Total non-derivatives	91,939	189,720	109,134	390,793

Notes to the financial statements (continued)

Note 24. Key management personnel disclosures

The following persons were directors of Break O'Day Community Financial Services Ltd during the financial year and/or up to the date of signing of these Financial Statements.

Stephen John Walley
David Edward Llewellyn AM
Sandra Maree Lohrey
Garry Colin Pannan
Elise Hayley Frost

Kevin Reilly
Sheree Louise Archer
John Brakey
Roger William Harrison Harlow

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

Note 25. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
A director provided the company with secretarial and board support services.	10,000	10,000
The company made sponsorships and donations to community groups where directors or close family members were on the committee. The total benefit received was:	1,287	-

Note 26. 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	7,930	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	1,124	1,514
General advisory services	4,085	5,345
Share registry services	6,240	5,207
	11,449	12,066
	19,379	18,716

Notes to the financial statements (continued)

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	33,957	49,623
Adjustments for:		
Depreciation and amortisation	56,822	67,586
Borrowings interest	3,013	2,067
Lease liabilities interest	9,013	9,954
Change in operating assets and liabilities:		
Decrease in trade and other receivables	2,789	16,600
Decrease in deferred tax assets	11,484	17,700
Increase in trade and other payables	11,452	227
Increase/(decrease) in employee benefits	(1,307)	9,431
Increase in provisions	153	148
Net cash provided by operating activities	<u>127,376</u>	<u>173,336</u>

Note 28. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>33,957</u>	<u>49,623</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>760,851</u>	<u>760,851</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>760,851</u>	<u>760,851</u>
	Cents	Cents
Basic earnings per share	4.46	6.52
Diluted earnings per share	4.46	6.52

Accounting policy for earnings per share

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. 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.

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



Stephen John Walley
Chair

30 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 Break O'Day Community Financial Services Ltd Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Break O'Day Community Financial Services Ltd, 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 Break O'Day Community Financial Services Ltd (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
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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'.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 September 2025

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

Lachlan Tatt
Lead Auditor

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