

Annual Report 2025

Chittering Financial Services
Limited

Community Bank
Bullsbrook-Ellenbrook and Bindoon
ABN 77 096 017 506



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Chairman's Report

Dear Valued Investor,

It's with great pleasure I present this year's financials for Chittering Financial Services Ltd (CFS).

Banking revenue has stayed strong at \$2,294,661 up from \$2,014,577 last financial year. This is due to the continued increase of our customer base, returns on lending and deposit accounts resulting in both branch and business development teams exceeding annual growth targets.

The board is pleased to declare a fully franked dividend of 20c per share for the year end 30th June 2025.

Although CFS is achieving good growth at present, with market uncertainty and potential reduction in interest rates, we could potentially see our income impacted. The board is aware that ongoing profitability will be under pressure, and every effort will be made to mitigate any losses.

Continuing our strategy to increase community funding we have contributed a total of \$161,591 towards charitable projects - \$64,000 directly to community groups and over \$97,000 to our Community Enterprise Foundation as long term investment for future projects. The board have been pleased with the response from local community groups and feedback we've received from groups our branch teams have supported. The board looks forward to continuing the good work and collaborations between our Community Banks and the wider community.

This past year Business Development Manager David Blyton and Community Engagement Advisor Stacey Teti have actively supported a wider variety of groups and projects. Our team have connected with Moora Chamber of Commerce and Moora Shire, engaged with ethnic and linguistically diverse groups in the Swan Valley, advocated for mental health and commenced resilience programs in local schools and supported LGBTQI+ events. In 2026 we intend to continue building networks across our region which now extends as far north as Moora and south to the Swan Valley and Midland.

Customer numbers, lending enquiries and account opening are still increasing with our team have been proactive in our marketing strategy to raise awareness of the Bendigo Bank brand and the Community Bank model 'point of difference'.

Customer experience is vital to our business, and an ageing front office didn't reflect the quality of our brand. Therefore, after months of planning the Community Bank Bullsbrook-Ellenbrook branch was refurbished – completed in May 2025. A fresh coat of paint, new carpet and updated meeting rooms provide a bright outlook and positive experience for our customers and branch team. It has been a key strategic plan of both Bendigo Bank and CFS to retain existing customers and maximise each branch interaction, providing the best customer service and suitable products.

Year	Dividend	Profit
Jun-17	-	-\$ 44,538.00
Jun-18	-	\$ 105,796.00
Jun-19	2c	\$ 68,746.00
Jun-20	2c	\$ 84,204.00
Jun-21	2c	\$ 77,075.00
Jun-22	5c	\$ 88,723.00
Jun-23	10c	\$ 589,282.00
Jun-24	17c	\$ 280,413.00
Jun-25	20c	\$ 370,530.00
Year	Grants and Foundation	
Jun-17	\$18,649	
Jun-18	\$24,502	
Jun-19	\$32,409	
Jun-20	\$17,792	
Jun-21	\$12,066	
Jun-22	\$15,295	
Jun-23	\$128,602	
Jun-24	\$201,239	
Jun-25	\$161,591	

Chairman's Report (continued)



We pride ourselves on our face-to-face customer contact and are proud of our branch team. A sincere thanks to our dedicated team, some being with CFS for 15-20 years. Our organisation has achieved much success under the leadership of Senior Branch Manager Allen Amor, Branch Manager Sascha Smith and Business Development Manager David Blyton.

I would like to thank our partners at Bendigo Bank who play a pivotal role, working with our staff and board to provide a strong corporate strategy and range of products. We thank Corin Mendel our Regional Manager and all the staff at WA State office for constant support through the year.

Thanks to the board of dedicated directors Graham Dore, Nicolette Grundlingh, Adrian Clarke and Craig Seddon, especially to Graham who stepped in during my absence from October 2024 to March 2025 and Nicolette who continues to serve as our dedicated Company Secretary.

Early in 2025 we saw the resignation of Jonathan Dwyer and the retirement of long-standing director John Williams. Thank you to both for your service to the board and community. We're pleased to welcome Renae Piggott who has been a valuable addition to our board room table with diverse knowledge and business skills to contribute.

As always Chittering Financial Services still needs your ongoing support. We invite you and your family to contact our branch staff should you need assistance with any banking or financial products.


Jeffrey Hollands
Chair

Manager's Report

For the year ending 30 June 2025

Dear Shareholders,

We are delighted to share some wonderful progress and express our deepest gratitude for your ongoing support. Over the past year, our business has experienced strong, sustained growth—not just in numbers, but in purpose. We have across the two branches increased both our combined lending and deposit balances significantly by 16% YOY with the overall book balances standing at over \$310m, resulting in more profits being given back in to our communities than ever before.

Thanks to the dedication and talent of our remarkable team, who have embraced new learning opportunities and upskilling initiatives, we're seeing tremendous development across all areas. Their adaptability, insight, and enthusiasm have elevated our services and created a workplace culture rooted in care and capability.

This momentum has directly contributed to our recent success. Our business numbers are on the rise, but what matters even more is the growing impact we're making locally. With every milestone, we're creating greater opportunities to invest back into our community, whether through partnerships, or meaningful engagement. Chittering Financial Services Ltd have supported our local communities with sponsorships, donations and community grant contributions benefiting a number of community groups and organisations. These included, but not limited to, PASIFIKA Festival, Swan Pride Festival, Taste of Chittering, Moora Primary School P&C, Bullsbrook Seniors Expo, YODyssey, Integration & Empowerment Services, and the Mogumber Hub to name a few, to the tune of \$161,591 and further funds set aside for future projects.



Managers's Report (continued)



We are proud to be part of a thriving local network that shares our commitment to sustainability, inclusion, and empowerment. Our journey is shaped by your support and the collaboration we continue to nurture every day. Late last year we celebrated our 15th anniversary of being part of the Ellenbrook community, and in June 2025 we completed some renovations revealing a fresh new look, to continue our community commitment for the next 15 years and beyond.

As we look ahead, the next few years hold incredible promise. With continued success, we'll expand our contributions and ensure our growth directly benefits the community we love and serve. Together, we're building something truly special.

Our heartfelt thanks go to the board of directors and the whole team for their continued support and commitment.

Warm regards,

Allen Amor
Senior Branch Manager



Meet Allen
your local Senior
Branch Manager

Sascha Smith
Branch Manager



Meet Sascha
your local Branch
Manager - Bindoon

David Blyton
Business Development Manager



Meet David your
local Business
Development
Manager

Director's Report

For the year ending 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:	Jeffrey Robert Hollands
Title:	Non-executive director
Experience and expertise:	Jeffrey is a retired Insurance Broker and currently a director for Community Broker Network Pty Ltd owned by ASX Listed Steadfast Ltd and Community Insurance Solutions Pty Ltd.
Special responsibilities:	Chair
Name:	Nicolette Joy Grundlingh (Ward)
Title:	Non-executive director
Experience and expertise:	Nicolette is an Executive Administrator. Over a period of 23 years Nicolette has developed a range of business knowledge and skills which she adapts and applies to her role as Company Secretary. Working closely with the branch staff and directors she continues to focus on board governance and business management. Nicolette is the former Chair of CFS, has over 8 years of mortgage experience within banking and broker markets, over 4 years in large and domestic construction industries and been involved in community projects, volunteering in leadership programs within the Swan Valley region.
Special responsibilities:	Company Secretary, all Sub Committees
Name:	Graham Dore
Title:	Non-executive director
Experience and expertise:	Prior to retiring to Australia Graham formed and ran a Self-Drive Vehicle Rental Company in 1989 in the UK (which is still operating). From 1980 to 1989 Graham was Managing Director of one of the largest motor parts distributors in the UK. Throughout his career he has always been included in finance and human resources. Graham is currently Treasurer of Swan Valley Community Centre, and Ellenbrook Community Radio.
Special responsibilities:	Deputy Chair, HR/Legal and Community Contributions Committees
Name:	Adrian Clarke
Title:	Non-executive director
Experience and expertise:	Adrian is an Office Assistant/Bookkeeper. Adrian has over 30 years' experience in IT, 18 years of that was at Crown Casino. He has a Diploma of Business, Associate Diploma in IT and Certificate IV in Mental Health and Accounting and Bookkeeping. Adrian is a busy community volunteer, he is Treasurer of the Ellenbrook Lions Club, Treasurer of the Ellenbrook & Districts Residents and Ratepayers Association. Adrian is a director of Waterhall Super Pty Ltd. He is owner and manager of The Empty Shoe Box. Adrian in his spare time helps organise and run community events.
Special responsibilities:	Treasurer, Finance, Community Contributions, Safety & Marketing Committees
Name:	Craig Robert Seddon
Title:	Non-executive director
Experience and expertise:	Director of Westcourt Family Business Accountants. Company Secretary of Emu Nest Foundation. Fellow of the Chartered Accountants Australia and New Zealand. Chartered Tax Advisor (The Tax Institute of Australia). Bachelor of Business (major in Accounting & Finance).
Special responsibilities:	Nil

Director's Report (continued)

Name: Renae Kristina Piggott
Title: Non-executive director (Appointed 29 January 2025)
Experience and expertise: Ranae is a Farm Management Consultant with AgAsset (Business Partner). A general member of the Australian Association of Agricultural Consultants and a 2024 Australian Grain Leader with Grain Growers Limited, Ranae currently operates as a cattle and sheep farmer at Serenity Hill View in Bindoon. Ranae holds a Bachelor of Agricultural Science, specializing in Animal Health and Science.

Special responsibilities: Nil

Name: Jonathan James Dwyer
Title: Non-executive director (resigned 14 April 2025)
Experience and expertise: Bindoon Ranges, beef cattle production 2000 - current (owner/operator). Bindoon Hill Gravel Supply 2000-2019 (owner/operator). Chittering Chamber of Commerce 2015-2019 (member, Secretary and Vice President). Wholistic Farm Management 2000-2006. Associate Diploma of Applied Science, Project Supervision. Certificate of Building Management, Construction.

Special responsibilities: Nil

Name: John Trevor Williams
Title: Non-executive director (resigned 14 April 2025)
Experience and expertise: John is a retired Accountant. B. Bus at W.A.I.T and member of the Institute of Chartered Accountants in Australia and New Zealand. John also has experience in local and interstate farms, as a shearer and shedhand in the wool industry for 10 years, as a fettle on the Central Australian Railways and as an accountant for 35 years. John is also a member of the Bindoon Volunteer Bush Fire Brigade and the Bindoon Men's Shed Inc. As well as a Member of the Chittering Cancer Support Group and a Board Member of Edmund Rice College.

Special responsibilities: Finance Committee

No directors have material interest in contracts or proposed contracts with the company.

Company secretary

The Company Secretary is Nicolette Joy Grundlingh (Ward). Nicolette was appointed to the position of Company Secretary on 2 December 2020.

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 \$370,530 (30 June 2024: \$280,413).

Operations have continued to perform in line with expectations.

Dividends

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

	2025	2024
	\$	\$
Fully franked dividend of 17 cents per share (2024: 10 cents)	<u>84,781</u>	<u>49,871</u>

Significant changes in the state of affairs

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

Director's Report (continued)

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

The number of directors' meetings attended by each of the directors' of the company during the financial year were:

	Board	
	Eligible	Attended
Jeffrey Robert Hollands	10	6
Nicolette Joy Grundlingh (Ward)	10	10
John Trevor Williams	10	-
Graham Dore	10	9
Adrian Clarke	10	9
Craig Robert Seddon	10	9
Jonathan James Dwyer	10	1
Renae Kristina Piggott	5	3

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Jeffrey Robert Hollands	3,000	-	3,000
Nicolette Joy Grundlingh (Ward)	-	-	-
John Trevor Williams	-	-	-
Graham Dore	2,500	-	2,500
Adrian Clarke	38,601	-	38,601
Craig Robert Seddon	4,000	-	4,000
Jonathan James Dwyer	-	-	-
Renae Kristina Piggott	-	-	-

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.

Director's 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 25 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



Jeffrey Robert Hollands
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 Chittering Financial Services Limited

As lead auditor for the audit of Chittering 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: 30 September 2025

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

Financial Statements

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	2,294,661	2,014,577
Other revenue		69,615	37,342
Finance revenue		43,699	31,887
Total revenue		<u>2,407,975</u>	<u>2,083,806</u>
Employee benefits expense	7	(1,271,641)	(1,096,513)
Advertising and marketing costs		(8,951)	(21,098)
Occupancy and associated costs		(52,775)	(48,316)
System costs		(57,233)	(44,569)
Depreciation and amortisation expense	7	(128,172)	(107,893)
Finance costs		(20,537)	(21,585)
General administration expenses		(212,698)	(172,545)
Total expenses before community contributions and income tax expense		<u>(1,752,007)</u>	<u>(1,512,519)</u>
Profit before community contributions and income tax expense		655,968	571,287
Charitable donations and sponsorships expense	7	<u>(161,591)</u>	<u>(201,239)</u>
Profit before income tax expense		494,377	370,048
Income tax expense	8	<u>(123,847)</u>	<u>(89,635)</u>
Profit after income tax expense for the year		370,530	280,413
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>370,530</u></u>	<u><u>280,413</u></u>
		Cents	Cents
Basic earnings per share	27	74.30	56.23
Diluted earnings per share	27	74.30	56.23

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

Financial Statements (continued)

Statement of Financial Position as at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	568,147	329,324
Trade and other receivables	10	191,028	161,397
Investments	11	1,052,470	1,016,554
Current tax assets	8	-	36,324
Total current assets		<u>1,811,645</u>	<u>1,543,599</u>
Non-current assets			
Property, plant and equipment	12	334,076	117,516
Right-of-use assets	13	137,822	172,833
Intangible assets	14	52,691	79,037
Deferred tax assets	8	53,055	48,724
Total non-current assets		<u>577,644</u>	<u>418,110</u>
Total assets		<u>2,389,289</u>	<u>1,961,709</u>
Liabilities			
Current liabilities			
Trade and other payables	15	386,990	251,226
Borrowings	16	34,775	28,662
Lease liabilities	17	65,500	60,730
Current tax liabilities	8	32,180	-
Employee benefits	18	156,579	114,425
Total current liabilities		<u>676,024</u>	<u>455,043</u>
Non-current liabilities			
Trade and other payables	15	-	28,980
Borrowings	16	61,924	56,696
Lease liabilities	17	123,480	170,816
Employee benefits	18	17,943	28,934
Provision		62,216	59,287
Total non-current liabilities		<u>265,563</u>	<u>344,713</u>
Total liabilities		<u>941,587</u>	<u>799,756</u>
Net assets		<u>1,447,702</u>	<u>1,161,953</u>
Equity			
Issued capital	19	495,209	495,209
Retained earnings		<u>952,493</u>	<u>666,744</u>
Total equity		<u>1,447,702</u>	<u>1,161,953</u>

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

Financial Statements (continued)

Statement of Changes in Equity for the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		495,209	436,202	931,411
Profit after income tax expense		-	280,413	280,413
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	280,413	280,413
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(49,871)	(49,871)
Balance at 30 June 2024		<u>495,209</u>	<u>666,744</u>	<u>1,161,953</u>
Balance at 1 July 2024		495,209	666,744	1,161,953
Profit after income tax expense		-	370,530	370,530
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	370,530	370,530
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(84,781)	(84,781)
Balance at 30 June 2025		<u>495,209</u>	<u>952,493</u>	<u>1,447,702</u>

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

Financial Statements (continued)

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)		2,576,775	2,266,486
Payments to suppliers and employees (inclusive of GST)		(2,063,329)	(1,632,781)
Interest received		43,699	37,692
Interest and other finance costs paid		(6,846)	(5,884)
Income taxes paid		(59,676)	(235,172)
Net cash provided by operating activities	26	<u>490,623</u>	<u>430,341</u>
Cash flows from investing activities			
Investment in term deposits		(35,916)	(755,054)
Payments for property, plant and equipment	12	(69,786)	(64,677)
Payments for intangible assets		(26,345)	(55,327)
Proceeds from disposal of property, plant and equipment		<u>17,272</u>	<u>-</u>
Net cash used in investing activities		<u>(114,775)</u>	<u>(875,058)</u>
Cash flows from financing activities			
Proceeds from borrowings		11,341	48,521
Interest and other finance costs paid		(10,762)	(12,904)
Dividends paid	21	(84,781)	(49,871)
Repayment of lease liabilities		<u>(52,823)</u>	<u>(51,126)</u>
Net cash used in financing activities		<u>(137,025)</u>	<u>(65,380)</u>
Net increase/(decrease) in cash and cash equivalents		238,823	(510,097)
Cash and cash equivalents at the beginning of the financial year		<u>329,324</u>	<u>839,421</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>568,147</u></u>	<u><u>329,324</u></u>

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

Notes to the Financial Statements

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 1/19 Binda Place, Bindoon WA 6502.

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 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 measured at amortised cost. 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)

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the 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.

Notes to the Financial Statements (continued)

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

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.

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment to be eligible for entitlement in accordance with legislation.

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 July 2027.

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	2,069,058	1,801,729
Fee income	116,385	115,778
Commission income	109,218	97,070
	<u>2,294,661</u>	<u>2,014,577</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:

<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.

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.

Notes to the Financial Statements (continued)

Note 7. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	1,065,562	916,948
Non-cash benefits	18,440	14,807
Superannuation contributions	121,776	100,061
Expenses related to long service leave	26,222	22,992
Other expenses	39,641	41,705
	<u>1,271,641</u>	<u>1,096,513</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	9,412	3,769
Plant and equipment	7,277	4,808
Motor vehicles	39,869	29,620
	<u>56,558</u>	<u>38,197</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	45,268	43,351
<i>Amortisation of intangible assets</i>		
Franchise fee	26,346	26,345
	<u>128,172</u>	<u>107,893</u>

Charitable donations, sponsorships and grants

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	63,136	19,875
Contribution to the Community Enterprise Foundation™	98,455	181,364
	<u>161,591</u>	<u>201,239</u>

The overarching philosophy of the Community Bank model, is to support the local community in which the company operates. This is achieved by circulating the flow of financial capital into the local economy through community contributions (such as donations, sponsorships and grants).

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

When the company pays a contribution in to the CEF, the company loses control over the funds at that point. While the directors are involved in the payment of grants, the funds are not refundable to the company.

Notes to the Financial Statements (continued)

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	128,180	107,693
Movement in deferred tax	(4,333)	(15,123)
Under/over provision in respect to prior years	-	(2,935)
Aggregate income tax expense	<u>123,847</u>	<u>89,635</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>494,377</u>	<u>370,048</u>
Tax at the statutory tax rate of 25%	123,594	92,512
Tax effect of:		
Non-deductible expenses	253	58
Under/over provision in respect to prior years	-	(2,935)
Income tax expense	<u>123,847</u>	<u>89,635</u>
	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(18,916)	(16,128)
Employee benefits	43,631	35,840
Accrued expenses	1,080	1,225
Provision for lease make good	15,554	14,822
Lease liabilities	47,245	57,886
Right-of-use assets	(34,455)	(43,208)
Prepayments	(1,084)	(1,713)
Deferred tax asset	<u>53,055</u>	<u>48,724</u>
	2025 \$	2024 \$
Income tax refund due	<u>-</u>	<u>36,324</u>
	2025 \$	2024 \$
Provision for income tax	<u>32,180</u>	<u>-</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Notes to the Financial Statements (continued)

Note 8. Income tax (continued)

Accounting policy for deferred tax

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

Note 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash on hand	59	59
Cash at bank and on hand	568,088	329,265
	<u>568,147</u>	<u>329,324</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	165,361	154,545
Other receivables	21,334	-
Prepayments	4,333	6,852
	<u>25,667</u>	<u>6,852</u>
	<u>191,028</u>	<u>161,397</u>

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 11. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	<u>1,052,470</u>	<u>1,016,554</u>

Notes to the Financial Statements (continued)

Note 12. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	301,282	258,548
Less: Accumulated depreciation	<u>(122,328)</u>	<u>(246,722)</u>
	178,954	11,826
Plant and equipment - at cost	282,148	331,346
Less: Accumulated depreciation	<u>(230,831)</u>	<u>(321,175)</u>
	51,317	10,171
Motor vehicles - at cost	161,120	147,952
Less: Accumulated depreciation	<u>(57,315)</u>	<u>(52,433)</u>
	103,805	95,519
	<u>334,076</u>	<u>117,516</u>

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	15,595	12,661	62,780	91,036
Additions	-	2,318	62,359	64,677
Depreciation	<u>(3,769)</u>	<u>(4,808)</u>	<u>(29,620)</u>	<u>(38,197)</u>
Balance at 30 June 2024	11,826	10,171	95,519	117,516
Additions	176,540	48,423	54,329	279,292
Disposals	-	-	(6,174)	(6,174)
Depreciation	<u>(9,412)</u>	<u>(7,277)</u>	<u>(39,869)</u>	<u>(56,558)</u>
Balance at 30 June 2025	<u>178,954</u>	<u>51,317</u>	<u>103,805</u>	<u>334,076</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:

Plant and equipment	4 to 5 years
Leasehold improvements	5 years
Motor vehicle	4 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.

Notes to the Financial Statements (continued)

Note 13. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	370,944	361,689
Less: Accumulated depreciation	<u>(233,122)</u>	<u>(188,856)</u>
	<u>137,822</u>	<u>172,833</u>

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	209,099
Remeasurement adjustments	7,085
Depreciation expense	<u>(43,351)</u>
Balance at 30 June 2024	172,833
Remeasurement adjustments	10,257
Depreciation expense	<u>(45,268)</u>
Balance at 30 June 2025	<u>137,822</u>

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 14. Intangible assets

	2025 \$	2024 \$
Franchise fee	421,848	421,848
Less: Accumulated amortisation	<u>(369,157)</u>	<u>(342,811)</u>
	<u>52,691</u>	<u>79,037</u>

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

	Franchise fee \$
Balance at 1 July 2023	105,382
Amortisation expense	<u>(26,345)</u>
Balance at 30 June 2024	79,037
Amortisation expense	<u>(26,346)</u>
Balance at 30 June 2025	<u>52,691</u>

Notes to the Financial Statements (continued)

Note 14. Intangible assets (continued)

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2027

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

Note 15. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	5,034	104,326
Other payables and accruals	381,956	146,900
	<u>386,990</u>	<u>251,226</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	28,980
	<u>2025 \$</u>	<u>2024 \$</u>
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	386,990	280,206
less GST payable to ATO, included in trade and other payables	(65,227)	(48,328)
	<u>321,763</u>	<u>231,878</u>

Note 16. Borrowings

	2025 \$	2024 \$
<i>Current liabilities</i>		
Chattel mortgage	40,665	33,778
Unexpired interest	(5,890)	(5,116)
	<u>34,775</u>	<u>28,662</u>
<i>Non-current liabilities</i>		
Chattel mortgage	66,355	61,738
Unexpired interest	(4,431)	(5,042)
	<u>61,924</u>	<u>56,696</u>

Notes to the Financial Statements (continued)

Note 17. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>65,500</u>	<u>60,730</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>123,480</u>	<u>170,816</u>
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	231,546	275,261
Remeasurement adjustments	10,257	7,411
Lease interest expense	10,762	12,904
Lease payments - total cash outflow	<u>(63,585)</u>	<u>(64,030)</u>
	<u>188,980</u>	<u>231,546</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.

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
Bindoon Branch	4.29%	5 years	Nil	N/A	30 June 2027
Ellenbrook Branch	5.39%	5 years	Nil	N/A	31 October 2028

Note 18. Employee benefits

	2025 \$	2024 \$
<i>Current liabilities</i>		
Annual leave	79,049	74,091
Long service leave	<u>77,530</u>	<u>40,334</u>
	<u>156,579</u>	<u>114,425</u>
<i>Non-current liabilities</i>		
Long service leave	<u>17,943</u>	<u>28,934</u>

Notes to the Financial Statements (continued)

Note 18. Employee benefits (continued)

Accounting policy for short-term employee benefits

Liabilities for annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

Note 19. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	498,709	498,709	498,709	498,709
Less: Equity raising costs	-	-	(3,500)	(3,500)
	<u>498,709</u>	<u>498,709</u>	<u>495,209</u>	<u>495,209</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.

Notes to the Financial Statements (continued)

Note 19. Issued capital (continued)

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"). As at the date of this report, the company had 292 shareholders (2024: 296 shareholders).

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

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

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

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 20. 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.

Notes to the Financial Statements (continued)

Note 21. Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 17 cents per share (2024: 10 cents)	<u>84,781</u>	<u>49,871</u>
Franking credits		
	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	358,749	140,200
Franking credits (debits) arising from income taxes paid (refunded)	59,676	235,173
Franking debits from the payment of franked distributions	<u>(25,691)</u>	<u>(16,624)</u>
	392,734	358,749
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	392,734	358,749
Franking credits (debits) that will arise from payment (refund) of income tax	<u>32,180</u>	<u>(36,324)</u>
Franking credits available for future reporting periods	<u>424,914</u>	<u>322,425</u>

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

Accounting policy for dividends

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

Note 22. Financial risk management

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

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

The directors have identified that the only significant financial risk exposures of the 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.

Notes to the Financial Statements (continued)

Note 22. Financial risk management (continued)

	2025 \$	2024 \$
Financial assets		
Trade and other receivables excluding prepayments (note 10)	165,361	154,545
Cash and cash equivalents (note 12)	568,147	329,324
Investments (note 11)	1,052,470	1,016,554
	<u>1,785,978</u>	<u>1,500,423</u>
Financial liabilities		
Trade and other payables (note 15)	321,763	231,878
Lease liabilities (note 17)	188,980	231,546
Borrowings (note 16)	96,699	85,358
	<u>607,442</u>	<u>548,782</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company measures its financial assets at amortised cost.

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

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised costs comprise trade and other payables, lease liabilities and borrowings.

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 subject to movements in market interest rates. The company held cash and cash equivalents of \$568,147 and term deposits of \$1,052,470 at 30 June 2025 (2024: cash and cash equivalents \$329,324 and term deposits \$1,016,554).

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.

Notes to the Financial Statements (continued)

Note 22. Financial risk management (continued)

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	321,763	-	-	321,763
Lease liabilities	67,025	137,253	-	204,278
Borrowings	34,775	61,924	-	96,699
Total non-derivatives	<u>423,563</u>	<u>199,177</u>	<u>-</u>	<u>622,740</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	202,898	28,980	-	231,878
Lease liabilities	63,373	194,413	-	257,786
Borrowings	28,662	56,696	-	85,358
Total non-derivatives	<u>294,933</u>	<u>280,089</u>	<u>-</u>	<u>575,022</u>

Note 23. Key management personnel disclosures

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

Jeffrey Robert Hollands	Adrian Clarke
Nicolette Joy Grundlingh (Ward)	Craig Robert Seddon
John Trevor Williams	Jonathan James Dwyer
Graham Dore	Renae Kristina Piggott

Compensation

Key management personnel compensation comprised the following.

	2025 \$	2024 \$
Short-term employee benefits	16,950	20,102
Post-employment benefits	1,949	2,211
	<u>18,899</u>	<u>22,313</u>

Note 24. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 23.

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 24. 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

The following transactions occurred with related parties:

	2025	2024
	\$	\$
The company provided a sponsorship to Ellenbrook Community Radio where Graham Dore is the Secretary. Total amount provided was:	-	4,462
The company paid a sponsorship to Ellenbrook Lions Club where Adrian Clarke is the treasurer. Total amount provided was:	105	150
The company provided a sponsorship to Bindoon Volunteer Bush Fire Brigade where John Williams is the treasurer. Total amount provided was:	500	-

Note 25. 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	9,030	7,650
<i>Other services</i>		
Taxation advice and tax compliance services	265	1,614
General advisory services	5,065	4,600
Share registry services	7,556	6,190
	<u>12,886</u>	<u>12,404</u>
	<u>21,916</u>	<u>20,054</u>

Notes to the Financial Statements (continued)

Note 26. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	370,530	280,413
Adjustments for:		
Depreciation and amortisation	128,172	107,893
Net gain on disposal of non-current assets	(11,098)	-
Lease liabilities interest	10,762	12,904
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(29,631)	13,318
Decrease/(increase) in income tax refund due	36,324	(36,324)
Increase in deferred tax assets	(4,331)	(15,123)
Increase/(decrease) in trade and other payables	(76,375)	124,923
Increase/(decrease) in provision for income tax	32,178	(94,090)
Increase in employee benefits	31,163	33,631
Increase in other provisions	2,929	2,796
Net cash provided by operating activities	<u>490,623</u>	<u>430,341</u>

Note 27. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>370,530</u>	<u>280,413</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>498,709</u>	<u>498,709</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>498,709</u>	<u>498,709</u>
	Cents	Cents
Basic earnings per share	74.30	56.23
Diluted earnings per share	74.30	56.23

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. 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.

Director's Declaration

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

Jeffrey Robert Hollands
Chair

30 September 2025

Independent Audit Report



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

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

Report on the audit of the financial report

Our opinion

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

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

What we have audited

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

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

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

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

Other information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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

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 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor



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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is written over a light blue horizontal line.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 September 2024

A handwritten signature in black ink, appearing to read 'Jessica Ritchie', is written over a light blue horizontal line.

Jessica Ritchie
Lead Auditor

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