

Annual Report 2025

Circular Head Community
Financial Services Ltd

Community Bank
Smithton & Districts

ABN 21 626 751 157



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Chairperson's report

For year ending 30 June 2025

After an exciting end of 2024 in the refurbishment and opening of our new premises, we were then set with the challenge of attracting and appointment of new staff members to join our team.

A support network was established under the leadership of Bendigo Adelaide Regional Manager, Martyn Neville, Community Bank Deloraine & Districts Manager, Katie Blandford and staff from various other Branches came together for support to the remaining Branch staff member Ashley Woods CSO, after the resignation of Manager, Naomi O'Leary, until new staff appointments were finalised. Mobile Lending Officer, Amelia Grey, has also continued to assist our Branch by undertaking any loan applications needed.

In the first half of the year, we welcomed Kath Wells as CSO, Rachel Keddle as CRO and then appointed David Finn as Manager in November.

After the completion of their probation periods for all staff members, the Board voted to offer a full complement of 10am to 4pm trading hours for cash transactions Tuesday, Thursday & Friday with our Manager Dave Finn and CRO Rachel Keddle available by appointment Monday to Friday.

After the completion of the premises acquisition and refurbishment the Board unanimously voted at our last AGM to pay our first dividend of 2% to our Shareholders for 2024/25.

The Board established and contributed \$10,000 to the Community Enterprise Foundation for future sponsorship or large projects. Also, in this financial year, our major contributions have been Circular Head Cricket Club, Circular Head Agriculture Society, Rotary's Devil Country Muster, Stanley & Tarkine Forage Festival, CHArts sponsorship and acquisition, as well as several Health and Wellbeing groups and events totalling \$24,565 in funds being returned to the community.

As we progress forward, as Chairperson, I feel that it is important to maintain a strong and open relationship with our Manager and staff, towards building the Bendigo Community Bank brand.

It is with much appreciation to our volunteer Board members Brett Dawes, Deputy Chair, Leanne Thompson, Company Secretary, Sharalyn Walters, Treasurer, Harry Korpershoek, Julian Jacobs, Angela Bruce, Tom Glynn and Linda Wooldrage that I thank for their continued support & contribution at Board level and events.

Jan Bishop
Chairperson

Manager's report

For year ending 30 June 2025

As I write my first Manager's report for the 2025 Annual Report I find myself reflecting on the positive growth, change and opportunities that have occurred in the past year and then thinking of those that offer us so much as we continue to aspire to become our communities 'bank of choice'.

As one of the eleven Community Bank branches in Tasmania, we join with over 300 other Community Bank branches across Australia that have collectively contributed in the return of \$416 million back into local communities since the inception of the community bank model in 1998. \$50 million paid out in 2025 financial year.

Financially supporting local organisations and community groups with grants, donations and sponsorships across a wide and varied range of events including arts, sports, community & health was fulfilling for all involved. Payment of the first dividend to our shareholders was also a highlight which saw, for the first time, all Tasmanian Community Boards declaring dividends for their shareholders.

The branch passed a milestone of one year as a full-service branch occupying the wonderful facility that the Board have provided for us to operate from. Being fully staffed, from December 2024, we have seen continued growth in financial performance and ongoing personal development of staff through investment in training. The removal of the lunchtime closures from May 2025 was well received within the community.

Our staff, Rachel, Ash and Kath, have grown together as a team with customers very much appreciating the friendly and knowledgeable service they receive in all dealings. I would like to take this opportunity to formally thank them all for their contributions to the success of the business this year.

The business continued to grow with steady customer account growth resulting in financial performance measures trending upwards. Maintaining a focus on risk requirements together with increased investment in staff training has been evidenced through improvement across branch performance measures. Maintaining a growth mindset that gains engagement from the wider community who buy into the Community Bank model must remain our priority.

Personally, I'd like to thank my partner, Alana, for her support over the year and Martyn Neville, Regional Manager, who continues to provide guidance, direction and confidence in me, our team, our community and our business. Martyn has also facilitated provision of support from Bendigo Bank Burnie, Bendigo Bank Devonport and Community Bank Deloraine & Districts branch teams during our staff vacancies and onboarding processes. To these branches and the Deloraine Board we also say thank you for your support for us and most importantly our customers.

And finally, to the Board, Chair Jan and fellow Board members, I thank you for your support and assistance in enabling myself and my team to provide Community Bank Smithton & Districts a full-service bank for the whole community.

Dave Finn
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

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:	Jan Elizabeth Bishop
Title:	Non-executive director
Experience and expertise:	Semi-retired. Jan has extensive experience in business, having operated a general store, a timber harvesting and haulage business and a cattle farm. She is actively involved in local community groups, she has in the past been involved in the Circular Head Improvement Programme Committee and Women in Timber. For the past 20 years, Jan has worked on the Irishtown Community Centre Ladies & General Committees and is a past member of Soroptimists International. She has served as Deputy Mayor of the Circular Head Council from 2014 to 2018. Jan served on the Community Bank Steering Committee.
Special responsibilities:	Chair
Name:	Thomas Patrick Glynn
Title:	Non-executive director
Experience and expertise:	Solicitor. Tom is a partner of a legal practice operating in Tasmania and New South Wales, practising as a commercial lawyer since 1980. He has held the positions of director and chairman of various organisations, including sporting and school associations. Tom is a member of Rotary, Stanley Chamber of Commerce, Stanlet Golf Club and Tarkine Progress Group. Tom was also the Chair of the Community Bank Project Steering Committee and is committed to the establishment of a community bank in the Smithton area.
Special responsibilities:	Nil
Name:	Hendrik Korpershoek
Title:	Non-executive director
Experience and expertise:	Farmer. Harry is a second generation farmer running a mixed farming enterprise including dairy and cropping. He has always been involved in local community groups and organisations and, for several years, has served on the committees of the Forest Sports Centre and the McCain growers committee. Harry was a member of the Community Bank Steering Committee.
Special responsibilities:	Nil
Name:	Julian John Jacobs
Title:	Non-executive director
Experience and expertise:	40 years self-employed. Hospitality Industry. Director Tasmanian Hospitality Association. Past Director Tourism Industry Council Tasmania. Past Chair Independent Tourism Operators Tasmania. Member Lions Club, member Stanley Golf Club.
Special responsibilities:	Marketing Committee
Name:	Angela Bruce
Title:	Non-executive director
Experience and expertise:	Director Western Plains Beef (Tasmania) Pty Ltd. Farm Secretary (ADFSS). Past Member Rotaract Smithton and Soroptimist International
Special responsibilities:	Nil.
Name:	Brett Allen Dawes
Title:	Non-executive director
Experience and expertise:	Brett has experience in Farming and Retail business.
Special responsibilities:	Nil

Directors' report (continued)

Name: Leanne Helen Thompson
Title: Non-executive director
Experience and expertise: Administrative Assistant, Minute Secretary, Law Clerk, Soroptimist International of Circular Head.
Special responsibilities: Company Secretary, Member of Audit Committee

Name: Sharalyn May Walters
Title: Non-executive director
Experience and expertise: Education manager with Smithton High School. Sharalyn has qualifications and extensive experience in administration, finance, and marketing, as well as training and skills development. She has worked in the tourism, primary industry, and local government sectors and is currently a director of and manages family businesses in the forestry and fishing industries. Sharalyn is actively involved in community organisations such as Smithton High School Association and the Circular Head Community and Recreation Centre. A Tasmanian Finalist in the Telstra Business Women's Awards in 2004 for service to community and local government, Sharalyn was also nominated as a Soroptimist International Circular Head Local Heroine in 2022.
Special responsibilities: Treasurer, Member of Audit Committee, Social Media and Promotion

Name: Linda Ruth Wooldrage
Title: Non-executive director (*appointed 2 April 2025*)
Experience and expertise: Throughout her life, Linda has been an active committee member of various organisations, including Forest Primary School P and F, where she was honoured with Life Membership. She currently owns and operates an Early Childhood Education and Care Service in Smithton, employing eight Educators. Linda has been a strong advocate for children and their families and is a member of the Australian Childcare Alliance, where she liaises directly with government. She also has a keen interest in health and wellbeing, particularly in enhancing community attractiveness to support positive mental health.
Special responsibilities: Nil

Name: Jordan Antony Jacobs
Title: Non-executive director (*resigned 7 August 2024*)
Experience and expertise: Jordan holds a Bachelor of Business (Finance) and a Bachelor of Science (Applied Maths, Data and Statistics)
Special responsibilities: Treasurer

Company secretary

The company secretary is Leanne Helen Thompson. Leanne was appointed to the position of company secretary on 31 January 2024.

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 \$149,711 (2024: \$149,940).

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 2 cents per share (2024: nil cents)	12,140	-

Significant changes in the state of affairs

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

Directors' report (continued)

Matters subsequent to the end of the financial year

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 director of the company during the financial year were:

	Board	
	Eligible	Attended
Jan Elizabeth Bishop	11	11
Thomas Patrick Glynn	11	7
Hendrik Korpershoek	11	8
Julian John Jacobs	11	8
Angela Bruce	11	8
Brett Allen Dawes	11	9
Leanne Helen Thompson	11	11
Sharalyn May Walters	11	11
Linda Ruth Wooldrage	2	2
Jordan Antony Jacobs	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 except as disclosed in note 19 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

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
Jan Elizabeth Bishop	26,001	-	26,001
Thomas Patrick Glynn	501	-	501
Hendrik Korpershoek	7,001	-	7,001
Julian John Jacobs	40,000	-	40,000
Angela Bruce	-	-	-
Brett Allen Dawes	-	-	-
Leanne Helen Thompson	-	-	-
Sharalyn May Walters	-	-	-
Linda Ruth Wooldrage	-	-	-
Jordan Antony Jacobs	-	-	-

Shares under option

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

Shares issued on the exercise of options

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

Directors' report (continued)

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 20 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



Leanne Helen Thompson
Company Secretary/Director

22 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 Circular Head Community Financial Services Ltd

As lead auditor for the audit of Circular Head 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: 22 September 2025

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

Jessica Ritchie
Lead Auditor

Financial statements

Circular Head 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	709,160	681,740
Other revenue		108	13,772
Total revenue		<u>709,268</u>	<u>695,512</u>
Employee benefits expense	7	(267,152)	(215,485)
Advertising and marketing costs		(4,527)	(14,545)
Occupancy and associated costs		(16,728)	(24,791)
System costs		(20,771)	(30,344)
Depreciation and amortisation expense	7	(53,661)	(67,577)
Loss on disposal of assets		-	(21,280)
Finance costs		(11,751)	(2,635)
General administration expenses		(100,223)	(105,232)
Total expenses before community contributions and income tax		<u>(474,813)</u>	<u>(481,889)</u>
Profit before community contributions and income tax expense		234,455	213,623
Charitable donations, sponsorships and grants expense		<u>(34,706)</u>	<u>(10,455)</u>
Profit before income tax expense		199,749	203,168
Income tax expense	8	<u>(50,038)</u>	<u>(53,228)</u>
Profit after income tax expense for the year		149,711	149,940
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>149,711</u></u>	<u><u>149,940</u></u>
		Cents	Cents
Basic earnings per share	22	24.66	24.70
Diluted earnings per share	22	24.66	24.70

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

Financial statements (continued)

Circular Head Community Financial Services Ltd Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	221,909	279,572
Trade and other receivables	10	32,180	37,162
Total current assets		<u>254,089</u>	<u>316,734</u>
Non-current assets			
Property, plant and equipment	11	582,500	607,686
Intangible assets	12	55,074	69,136
Total non-current assets		<u>637,574</u>	<u>676,822</u>
Total assets		<u>891,663</u>	<u>993,556</u>
Liabilities			
Current liabilities			
Trade and other payables	13	32,576	8,780
Borrowings		-	49,617
Current tax liabilities	8	25,443	14,122
Employee benefits		2,158	2,158
Total current liabilities		<u>60,177</u>	<u>74,677</u>
Non-current liabilities			
Trade and other payables	13	30,935	46,402
Borrowings		1	207,457
Deferred tax liabilities	8	20,609	22,854
Employee benefits		241	37
Total non-current liabilities		<u>51,786</u>	<u>276,750</u>
Total liabilities		<u>111,963</u>	<u>351,427</u>
Net assets		<u>779,700</u>	<u>642,129</u>
Equity			
Issued capital	14	573,771	573,771
Retained earnings		205,929	68,358
Total equity		<u>779,700</u>	<u>642,129</u>

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

Financial statements (continued)

Circular Head Community Financial Services Ltd Statement of changes in equity For the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		573,771	(81,582)	492,189
Profit after income tax expense		-	149,940	149,940
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	149,940	149,940
Balance at 30 June 2024		<u>573,771</u>	<u>68,358</u>	<u>642,129</u>
 Balance at 1 July 2024		 573,771	 68,358	 642,129
Profit after income tax expense		-	149,711	149,711
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	149,711	149,711
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	16	-	(12,140)	(12,140)
Balance at 30 June 2025		<u>573,771</u>	<u>205,929</u>	<u>779,700</u>

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

Financial statements (continued)

Circular Head 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)		783,520	759,446
Payments to suppliers and employees (inclusive of GST)		(490,783)	(511,995)
Interest and other finance costs paid		(11,751)	-
Income taxes paid		(40,962)	-
Net cash provided by operating activities	21	240,024	247,451
Cash flows from investing activities			
Redemption of/(investment in) term deposits		-	200,000
Payments for property, plant and equipment	11	(14,413)	(587,615)
Payments for intangible assets		(14,061)	-
Net cash used in investing activities		(28,474)	(387,615)
Cash flows from financing activities			
Proceeds from borrowings		-	261,848
Repayment of lease liabilities		-	(37,506)
Interest and other finance costs paid		-	(2,494)
Dividends paid	16	(12,140)	-
Repayment of borrowings		(257,073)	(4,774)
Net cash provided by/(used in) financing activities		(269,213)	217,074
Net increase/(decrease) in cash and cash equivalents		(57,663)	76,910
Cash and cash equivalents at the beginning of the financial year		279,572	202,662
Cash and cash equivalents at the end of the financial year	9	221,909	279,572

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 Circular Head Community Financial Services Ltd (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 67 Emmett Street, Smithton TAS 7330.

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 22 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 non-financial assets

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

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

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

Notes to the financial statements (continued)

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

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. The directors did not identify any impairment indications during the financial year.

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.

Notes to the financial statements (continued)

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 June 2029.

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	545,261	463,332
Fee income	24,017	25,059
Commission income	139,882	193,349
	<u>709,160</u>	<u>681,740</u>

Accounting policy for revenue from contracts with customers

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

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

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

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

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

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

Revenue calculation

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

Margin income

Margin 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	203,860	176,294
Non-cash benefits	15,487	12,683
Superannuation contributions	22,936	19,441
Expenses related to long service leave	291	(736)
Other expenses	24,578	7,803
	<u>267,152</u>	<u>215,485</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Buildings	5,702	3,801
Building improvements	19,942	6,576
Plant and equipment	6,690	401
Motor vehicles	7,265	7,265
	<u>39,599</u>	<u>18,043</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	-	35,766
<i>Amortisation of intangible assets</i>		
Franchise fee	2,344	1,340
Franchise establishment fee	-	11,452
Franchise renewal fee	11,718	976
	<u>14,062</u>	<u>13,768</u>
	<u>53,661</u>	<u>67,577</u>

Notes to the financial statements (continued)

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	52,283	14,122
Movement in deferred tax	(2,245)	20,365
Under/over provision in respect to prior years	-	(902)
Recoupment of prior year tax losses	-	19,643
Aggregate income tax expense	<u>50,038</u>	<u>53,228</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>199,749</u>	<u>203,168</u>
Tax at the statutory tax rate of 25%	49,937	50,792
Tax effect of:		
Non-deductible expenses	<u>101</u>	<u>3,338</u>
Under/over provision in respect to prior years	<u>50,038</u>	<u>54,130</u>
	-	(902)
Income tax expense	<u>50,038</u>	<u>53,228</u>
	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(21,209)	(23,403)
Employee benefits	600	549
Deferred tax liability	<u>(20,609)</u>	<u>(22,854)</u>
	2025 \$	2024 \$
Provision for income tax	<u>25,443</u>	<u>14,122</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.

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 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>221,909</u>	<u>279,572</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	32,180	35,515
Prepayments	<u>-</u>	<u>1,647</u>
	<u>32,180</u>	<u>37,162</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. Property, plant and equipment

	2025 \$	2024 \$
Land - at cost	<u>148,500</u>	<u>148,500</u>
Buildings - at cost	228,084	228,084
Less: Accumulated depreciation	<u>(9,503)</u>	<u>(3,801)</u>
	<u>218,581</u>	<u>224,283</u>
Building improvements - at cost	193,269	181,850
Less: Accumulated depreciation	<u>(23,164)</u>	<u>(3,222)</u>
	<u>170,105</u>	<u>178,628</u>
Plant and equipment - at cost	32,175	29,181
Less: Accumulated depreciation	<u>(6,745)</u>	<u>(55)</u>
	<u>25,430</u>	<u>29,126</u>
Motor vehicles - at cost	36,325	36,325
Less: Accumulated depreciation	<u>(16,441)</u>	<u>(9,176)</u>
	<u>19,884</u>	<u>27,149</u>
	<u>582,500</u>	<u>607,686</u>

Notes to the financial statements (continued)

Note 11. 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:

	Land \$	Buildings \$	Building improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2023	-	-	24,597	383	34,414	59,394
Additions	148,500	228,084	181,850	29,181	-	587,615
Disposals	-	-	(21,243)	(37)	-	(21,280)
Depreciation	-	(3,801)	(6,576)	(401)	(7,265)	(18,043)
Balance at 30 June 2024	148,500	224,283	178,628	29,126	27,149	607,686
Additions	-	-	11,419	2,994	-	14,413
Depreciation	-	(5,702)	(19,942)	(6,690)	(7,265)	(39,599)
Balance at 30 June 2025	<u>148,500</u>	<u>218,581</u>	<u>170,105</u>	<u>25,430</u>	<u>19,884</u>	<u>582,500</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:

Buildings	40 years
Building improvements	4 to 40 years
Plant and equipment	2 to 10 years
Motor vehicles	5 years

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

Building improvements are depreciated over the estimated useful life of the assets. Land is not depreciated.

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 12. Intangible assets

	2025 \$	2024 \$
Franchise fee	21,718	21,718
Less: Accumulated amortisation	(12,539)	(10,195)
	<u>9,179</u>	<u>11,523</u>
Franchise renewal fee	58,589	58,589
Less: Accumulated amortisation	(12,694)	(976)
	<u>45,895</u>	<u>57,613</u>
Establishment fee	100,000	100,000
Less: Accumulated amortisation	(100,000)	(100,000)
	<u>-</u>	<u>-</u>
	<u>55,074</u>	<u>69,136</u>

Notes to the financial statements (continued)

Note 12. Intangible assets (continued)

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

	Franchise fee \$	Franchise renewal fee \$	Establishment fee \$	Total \$
Balance at 1 July 2023	1,145	-	11,452	12,597
Additions	11,718	58,589	-	70,307
Amortisation expense	(1,340)	(976)	(11,452)	(13,768)
Balance at 30 June 2024	11,523	57,613	-	69,136
Amortisation expense	(2,344)	(11,718)	-	(14,062)
Balance at 30 June 2025	9,179	45,895	-	55,074

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2029
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2029

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

Note 13. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Other payables and accruals	32,576	8,780
<i>Non-current liabilities</i>		
Other payables and accruals	30,935	46,402
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	63,511	55,182
less GST refundable from/(payable to) the ATO included in trade and other payables	(12,949)	11,570
	50,562	66,752

Notes to the financial statements (continued)

Note 14. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	607,008	607,008	607,008	607,008
Less: Equity raising costs	-	-	(33,237)	(33,237)
	<u>607,008</u>	<u>607,008</u>	<u>573,771</u>	<u>573,771</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 106. As at the date of this report, the company had 126 shareholders (2024: 126 shareholders).

Notes to the financial statements (continued)

Note 14. Issued capital (continued)

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 15. 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 16. 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 \$
Fully franked dividend of 2 cents per share (2024: nil cents)	12,140	-

Notes to the financial statements (continued)

Note 16. Dividends (continued)

	2025 \$	2024 \$
Franking credits (debits) arising from income taxes paid (refunded)	40,963	-
Franking debits from the payment of franked distributions	(4,047)	-
	<u>36,916</u>	<u>-</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	36,916	-
Franking credits (debits) that will arise from payment (refund) of income tax	25,443	-
Franking credits available for future reporting periods	<u>62,359</u>	<u>-</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 17. Financial risk management

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

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

The directors have identified that the only significant financial risk exposures of the 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 excluding prepayments (note 10)	32,180	35,515
Cash and cash equivalents (note 9)	<u>221,909</u>	<u>279,572</u>
	<u>254,089</u>	<u>315,087</u>
Financial liabilities		
Trade and other payables (note 13)	50,562	66,752
Bank loans	<u>1</u>	<u>257,074</u>
	<u>50,563</u>	<u>323,826</u>

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

Notes to the financial statements (continued)

Note 17. Financial risk management (continued)

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 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.

Financial liabilities

Classification

The company measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised cost 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 earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$221,909 at 30 June 2025 (2024: \$279,572).

As at the reporting date, the company had the following variable rate borrowings outstanding:

	2025		2024	
	Nominal interest rate %	Balance \$	Nominal interest rate %	Balance \$
Bank loans	7.70%	1	8.20%	257,074
Net exposure to cash flow interest rate risk		<u>1</u>		<u>257,074</u>

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

Price risk

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

Notes to the financial statements (continued)

Note 17. 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				
Bank loans	-	1	-	1
Trade and other payables	19,627	30,935	-	50,562
Total non-derivatives	19,627	30,936	-	50,563
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Bank loans	49,617	207,457	-	257,074
Trade and other payables	20,350	46,402	-	66,752
Total non-derivatives	69,967	253,859	-	323,826

Note 18. Key management personnel disclosures

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

Jan Elizabeth Bishop
Thomas Patrick Glynn
Hendrik Korpershoek
Julian John Jacobs
Angela Bruce

Leanne Helen Thompson
Sharalyn May Walters
Linda Ruth Wooldrage
Brett Allen Dawes
Jordan Antony Jacobs

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

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

Note 19. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 18.

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.

Notes to the financial statements (continued)

Note 19. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
The company used the conveyancing services of Glynn's Lawyers, where Thomas Glynn is the Principal Solicitor. The total benefit received was:	-	15,057
The company paid Leanne Thompson for conducting secretarial duties. The total amount paid was:	6,965	4,550
The company paid a sponsorship to Circular Head Community Bank Cricket Club, where a director's son is the club president. The total amount paid was:	4,000	-
The company paid event sponsorships to the Circular Head Council during the year, where a director's spouse is the deputy mayor. The total amount paid was:	3,000	-
The company paid a donation to the Rotary Club of Smithton for the Devil Country Muster where a director is a committee member. The total amount paid was:	5,000	-
The company paid a sponsorship to the Circular Head Show, where a director's spouse is a related party to the organisation. The total amount paid was:	3,000	-

Note 20. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	8,130	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	7,871	3,814
General advisory services	5,515	5,285
Share registry services	4,554	3,300
	17,940	12,399
	<u>26,070</u>	<u>19,049</u>

Notes to the financial statements (continued)

Note 21. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	149,711	149,940
Adjustments for:		
Depreciation and amortisation	53,661	67,577
Net loss on disposal of non-current assets	-	21,280
Lease liabilities interest	-	2,494
Change in operating assets and liabilities:		
Decrease in trade and other receivables	4,982	19,469
Decrease in deferred tax assets	-	16,252
Increase/(decrease) in trade and other payables	22,390	(55,027)
Increase in provision for income tax	11,321	14,122
Increase/(decrease) in deferred tax liabilities	(2,245)	22,854
Increase/(decrease) in employee benefits	204	(6,072)
Decrease in other provisions	-	(5,438)
Net cash provided by operating activities	<u>240,024</u>	<u>247,451</u>

Note 22. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>149,711</u>	<u>149,940</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>607,008</u>	<u>607,008</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>607,008</u>	<u>607,008</u>
	Cents	Cents
Basic earnings per share	24.66	24.70
Diluted earnings per share	24.66	24.70

Note 23. Commitments

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

Note 24. Contingencies

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

Note 25. 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

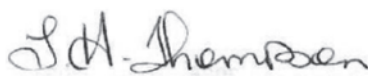
30 June 2025

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



Leanne Helen Thompson
Company Secretary/Director

22 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 Circular Head Community Financial Services Ltd

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Circular Head 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 Circular Head 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
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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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: 22 September 2025

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

Jessica Ritchie
Lead Auditor

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