

Annual Report 2025

Drouin & District Community
Financial Services Limited

Community Bank
Drouin & District
ABN 37 096 687 240



**DROUIN & DISTRICT
COMMUNITY FINANCIAL SERVICES LTD
30 June 2025**

ABN 37 096 687 240

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On behalf of Drouin and District Community Financial Services Limited, I am delighted to present the 24th Annual Report.

This past year has once again shown the strength of our branch, our people, and the community we serve. Despite economic challenges and political uncertainty, our performance has exceeded expectations, reinforcing our place as one of BEN's strongest branches in its highest-performing region, as recognised by BEN's Regional Manager, Caitlin Cooper.

As the only bank in Drouin, our roots run deep. The completion of our major refurbishment in November 2024 sent a clear message that we are here to stay. Over the past 24 years, we have invested more than \$7.2 million back into the community, including \$387,640.66 in the past year alone through investments, grants, and dividends. Our quarterly community investment presentations continue to be a highlight of the year. These events bring together local organisations, shareholders and community members to see firsthand how these funds make a difference. Recipients share their stories, and new groups join in, showing the ever-widening impact of our Community Bank model. People leave these events not just with funding, but with a sense of belonging to something bigger.

Behind every achievement is a dedicated team. Our Branch Manager, Rob Hutchinson, now in his ninth year with us, leads with energy and commitment. Under Rob's leadership, the branch team has built strong relationships across the community and consistently delivered exceptional results recognised across the region. Their hard work and dedication are at the heart of everything we achieve together.

Our shareholders remain our top priority. The table below shows the dividends declared and paid over the years. For 2024–2025, we are pleased to confirm a dividend of 25 cents per share for shareholders on record as of 28 February 2026. This reflects another very strong year for both our shareholders and our community.

Financial year	Cents per share	Dividend Declared \$	Dividend Paid \$
2004/2005	3.5	21,552	21,552
2005/2006	6	36,945	36,945
2006/2007	11	67,733	67,733
2007/2008	12	73,890	73,890
2008/2009	12	73,890	73,890
2009/2010	14	86,205	86,205
2010/2011	17	104,677	104,677
2011/2012	18	110,835	110,835
2012/2013	18	110,835	110,835

2012/2013 (Special)	5	30,787	30,787
2013/2014	18	110,835	110,835
2014/2015	18	110,835	110,835
2015/2016	25	153,937	153,937
2016/2017	25	153,937	153,937
2017/2018	25	153,937	153,937
2018/2019	25	153,937	153,937
2019/2020	15	92,362	92,362
2020/2021	15	92,362	92,362
2020/2021 (Special)	10	61,575	61,575
2021/2022	18	110,835	110,835
2022/2023	25	153,937	153,937
2023/2024	25	153,937	153,937
2024/25	25	153,937	153,937

We continue to make good use of our properties. The purpose-built boardroom, offices, community meeting space, and two shops on the corner of Bank Place and Young Street remain fully utilised. The shops are leased to businesses new to Drouin, while our community meeting space is regularly used by local not-for-profits. We have leased our old boardroom and office space in the State Bank building, along with our property at Longwarry. The Board is considering selling the block at 44–46 Young Street, as BEN has not approved plans to develop it and has asked us to focus on our core role of banking.

I want to sincerely thank Rob Hutchinson and the entire branch team for their commitment and hard work over the past year. My appreciation also goes to our dedicated directors, company staff Julieanne Palinkas and Helen Taylor, and our franchise partner Bendigo Bank for their ongoing support. This year, we acknowledge three directors retiring by rotation: Matt Williamson, Rob Celada and Sean Walsh. We thank them for their valuable contributions.

As we look to the year ahead, we recognise that declining interest rates may bring some uncertainty. However, the Board has set a realistic and achievable budget, and together with our branch team, we remain committed to delivering strong outcomes for both shareholders and the community we proudly serve.

Thank you for your continued trust and support.



Rodney Dunlop
Board Chair

This past year has given our business many reasons to celebrate.

Our lending and deposit footings grew substantially this past year - by around \$52.5m - pushing total business under management beyond \$370m. Alongside this financial growth, our team focused on strengthening customer conversations and maintaining a strong risk culture, which contributed to several positive outcomes for FY25.

We are witnessing both a rapid change in local demographics and a shift in how customers choose to transact with us. While leveraging the digital tools available to us, we maintain a strong emphasis on our face-to-face offering and are confident that we will remain relevant and accessible to our community. One of the highlights of FY25 was the refurbishment of our premises, further reinforcing our commitment to remain within the community providing face-to-face banking services and support.

With the assistance of our Business Banking colleagues and Rural specialists we can successfully service and grow all customer segments. In doing so, we bring diversification to both our customer base and income streams. This was another area of success for us in FY25.

Financially, Community Bank Drouin & District achieved solid results. Despite moving into a reducing interest rate environment, annual income remained consistent with \$2.5m returning a net profit well ahead of budget. Our customer base continues to grow and is now above 7,000. These figures reflect the continued commitment of our community and the dedication of our team.

I thank our dedicated staff who have embraced changes in banking and continued to provide excellent customer service. We enjoy a stable and knowledgeable team, and we will remain focused on staff development to ensure we meet the changing needs of our customers. I also thank our volunteer Board of Directors and administrative staff for their leadership and ongoing support as we work together to strengthen our community.

Every time you bank with Community Bank Drouin & District you help strengthen our community. Your support allows us to invest in local projects, clubs and initiatives across Drouin, Warragul, Longwarry and beyond. We encourage shareholders, customers and partners to continue spreading the word about the benefits of banking locally.

Thank you to our franchise partner, Bendigo & Adelaide Bank Limited, who continue to back us as we grow in partnership with them and our community.

On behalf of Community Bank Drouin & District, I thank you all for your ongoing dedication and look forward to another successful year ahead.



Rob Hutchinson

Branch Manager

Drouin & District Community Financial Services Limited

ABN 37 096 687 240

Financial Report - 30 June 2025

Drouin & District Community Financial Services Limited

Directors' report

30 June 2025

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

Directors

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

Name:	Rodney Bruce Dunlop
Title:	Non-executive director
Experience and expertise:	Business Manager, Bachelor of Economics and a Master of Education, ex School Principal.
Special responsibilities:	Chair, Member of Buildings & Maintenance Committee, Governance & Risk Committee and Marketing Committee.
Name:	Roberto James Celada
Title:	Non-executive director
Experience and expertise:	Bachelor of Laws/Bachelor of Science (Genetics), business owner.
Special responsibilities:	Secretary, Public Officer, Member of Governance & Risk Committee and Marketing Committee.
Name:	Matthew Marc Williamson
Title:	Non-executive director
Experience and expertise:	Experience in APRA regulated financial services organisations in the areas of: risk management, governance, internal audit and financial management. Qualifications: Bachelor of Commerce (Accounting), Master of Applied Finance, GAICD.
Special responsibilities:	Vice chair, Member of Governance & Risk Committee and Marketing Committee.
Name:	Vanessa Louise Marsh
Title:	Non-executive director
Experience and expertise:	Senior Manager for over 15 years in the TAFE/VET sector. Qualifications include Bachelor of Education, Graduate Certificate in Leadership in Education and Training, Graduate Certificate of Education (Tertiary Education) and Graduate Company Directors Course (GAICD).
Special responsibilities:	Chair of HR & OHS Committee, Member of Marketing Committee.
Name:	(Patrick) Sean Walsh
Title:	Non-executive director
Experience and expertise:	20 years banking (NAB) 1964 - 1984. Construction and engineering 1984 - current. Dairying and farming - Cattle and horses 1978 - 1999. Yooralla Community Partnership Advisory Committee 2014 - current. Run director - Warragul Parkrun 2017 - current. Licenced private pilot 1981 - current. Australian Bank Employees Union 1967 - 1984. Administrative Officer, Bunyip Community Bank 2012 - 2019. Various times: President National Bank Sub branch, Victorian Division Treasurer, Conference delegate, Federal executive member.
Special responsibilities:	Member of Buildings & Maintenance Committee, Governance & Risk Committee and Marketing Committee.
Name:	(Liberty) Joshua Chikuse
Title:	Non-executive director
Experience and expertise:	Joshua has extensive experience in organisational strategy, project management, community engagement and governance. He is also an experienced board director and holds a Bachelor of Environmental Science and Applied Corporate Governance postgraduate from the Governance Institute of Australia. He is also a graduate of the AICD company directors course. He is a director on the board of West Gippsland Hospital Group and Community College Gippsland.
Special responsibilities:	Chair of Governance & Risk Committee.

Drouin & District Community Financial Services Limited
Directors' report
30 June 2025

Name: Shaun Harry Mallia
Title: Non-executive director
Experience and expertise: Executive Officer of Kindred Spirits Enterprises, Member of the Latrobe Health Assembly, Member of the Latrobe City Tourism and Major Events Advisory Committee, Member of Traralgon Olympians Soccer Club, Gippsland Community Leadership Program 2021 alumni, Former Community Engagement Specialist at AGL Loy Yang (2020-2022), Former editor of the Latrobe Valley Express newspaper (2014-2017), Bachelor of Arts (Journalism), Monash University, Graduated 2007.
Special responsibilities: Chair of Marketing Committee

Name: Warren Leigh Warner
Title: Non-executive director (appointed 27 August 2024)
Experience and expertise: Retired in 2009 following a career in sales and marketing in food manufacturing, national sales management for the last 20 years of employment. Joined the Mirboo North Community Bank board in 2010 holding position of Treasurer for 9 years and Chair for 2 years. Moving to Drouin and having a strong belief in the value of the Community Bank model, Warren joined the DDCFSL Board to assist in supporting the Board members.
Special responsibilities: Chair of Buildings & Maintenance Committee and Finance & Budget Committee

Name: Andrew John Waller
Title: Non-executive director (appointed 24 September 2024)
Experience and expertise: Andrew is an Executive Officer in the public sector and holds a Bachelor of Arts, Bachelor of Social Work and Grad Cert Public Sector Management.
Special responsibilities: Member of HR & OH&S Committee, Marketing Committee and Finance & Budget Committee

Name: Sonia Gaye Lombardo
Title: Non-executive director (resigned 13 November 2024)
Experience and expertise: Currently undertaking a Bachelor of Education (Primary Education) 3rd Year. Qualifications include 10461NAT Diploma of Community Health Dec - 2014, 21697VIC Diploma of Vocational Education and Training Practice Jan – 2013, BSB51107 Diploma of Management May – 2012, TAE40110 Certificate IV in Training and Assessment Nov – 2011 and BSB40407 Certificate IV in Small Business Management Nov – 2011.
Special responsibilities: Member of Buildings & Maintenance Committee and Marketing Committee.

Company secretary

The company secretary is Rob Celada. Rob was appointed to the position of company secretary on 28 November 2017.

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 \$575,545 (30 June 2024: \$960,331).

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 25 cents per share (2024: 25 cents)	<u>153,938</u>	<u>153,938</u>

Drouin & District Community Financial Services Limited

Directors' report

30 June 2025

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

On 26 August 2025, the board announced a fully franked dividend of 25 cents per share, totalling \$153,938. This dividend was not recognised as a liability at 30 June 2025, as it was declared after the reporting period. The dividend is expected to be paid in March 2026.

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

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

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

	Board Eligible	Board Attended	Marketing Committee Eligible	Marketing Committee Attended
Rodney Bruce Dunlop	11	11	11	11
Roberto James Celada	11	9	11	9
Matthew Marc Williamson	11	9	11	9
Vanessa Louise Marsh	11	11	11	10
(Patrick) Sean Walsh	11	7	11	7
(Liberty) Joshua Chikuse	11	9	11	9
Shaun Harry Mallia	11	11	11	11
Warren Leigh Warner	9	7	9	7
Andrew John Waller	8	8	8	8
Sonia Gaye Lombardo	4	2	4	2

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 23 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.

Drouin & District Community Financial Services Limited
Directors' report
30 June 2025

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
Rodney Bruce Dunlop	5,200	-	5,200
Roberto James Celada	250	-	250
Matthew Marc Williamson	-	-	-
Vanessa Louise Marsh	-	-	-
(Patrick) Sean Walsh	500	-	500
(Liberty) Joshua Chikuse	2,000	-	2,000
Shaun Harry Mallia	-	-	-
Warren Leigh Warner	3,000	-	3,000
Andrew John Waller	-	-	-
Sonia Gaye Lombardo	500	-	500

Shares under option

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

Shares issued on the exercise of options

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

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

Drouin & District Community Financial Services Limited
Directors' report
30 June 2025

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:

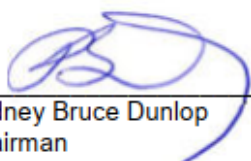
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional 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



Rodney Bruce Dunlop
Chairman

29 September 2025



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

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart'.

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

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

Jessica Ritchie
Lead Auditor

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

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	2,264,645	2,351,530
Other revenue	7	84,912	109,194
Finance revenue		115,903	109,247
Total revenue		<u>2,465,460</u>	<u>2,569,971</u>
Employee benefits expense	8	(747,234)	(727,334)
Advertising and marketing costs		(37,667)	(26,740)
Occupancy and associated costs		(73,722)	(64,326)
System costs		(76,498)	(46,669)
Depreciation and amortisation expense	8	(99,022)	(83,153)
General administration expenses		(123,408)	(109,959)
Total expenses before community contributions and income tax		<u>(1,157,551)</u>	<u>(1,058,181)</u>
Profit before community contributions and income tax expense		1,307,909	1,511,790
Charitable donations and sponsorships expense		<u>(540,603)</u>	<u>(231,161)</u>
Profit before income tax expense		767,306	1,280,629
Income tax expense	9	<u>(191,761)</u>	<u>(320,298)</u>
Profit after income tax expense for the year		575,545	960,331
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>575,545</u></u>	<u><u>960,331</u></u>
		Cents	Cents
Basic earnings per share	26	93.47	155.96
Diluted earnings per share	26	93.47	155.96

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

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

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	10	574,864	839,919
Trade and other receivables	11	244,089	261,742
Investments	12	2,579,749	2,378,534
Current tax assets	9	57,400	-
Total current assets		<u>3,456,102</u>	<u>3,480,195</u>
Non-current assets			
Trade and other receivables	11	2,478	2,478
Financial assets	14	22,061	18,970
Property, plant and equipment	13	4,012,577	3,799,492
Intangible assets	15	22,711	35,689
Total non-current assets		<u>4,059,827</u>	<u>3,856,629</u>
Total assets		<u>7,515,929</u>	<u>7,336,824</u>
Liabilities			
Current liabilities			
Trade and other payables	16	92,650	122,819
Current tax liabilities	9	-	221,488
Employee benefits		61,913	66,910
Total current liabilities		<u>154,563</u>	<u>411,217</u>
Non-current liabilities			
Trade and other payables	16	-	14,598
Deferred tax liabilities	9	497,049	471,677
Employee benefits		6,515	3,137
Total non-current liabilities		<u>503,564</u>	<u>489,412</u>
Total liabilities		<u>658,127</u>	<u>900,629</u>
Net assets		<u>6,857,802</u>	<u>6,436,195</u>
Equity			
Issued capital	17	615,750	615,750
Reserves		1,321,173	1,321,173
Retained earnings		4,920,879	4,499,272
Total equity		<u>6,857,802</u>	<u>6,436,195</u>

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

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

	Note	Issued capital \$	Revaluation reserve \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		615,750	1,321,173	3,692,879	5,629,802
Profit after income tax expense		-	-	960,331	960,331
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	960,331	960,331
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	19	-	-	(153,938)	(153,938)
Balance at 30 June 2024		<u>615,750</u>	<u>1,321,173</u>	<u>4,499,272</u>	<u>6,436,195</u>
 Balance at 1 July 2024		 615,750	 1,321,173	 4,499,272	 6,436,195
Profit after income tax expense		-	-	575,545	575,545
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	575,545	575,545
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	19	-	-	(153,938)	(153,938)
Balance at 30 June 2025		<u>615,750</u>	<u>1,321,173</u>	<u>4,920,879</u>	<u>6,857,802</u>

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

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

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		2,600,119	2,758,156
Payments to suppliers and employees (inclusive of GST)		(1,866,869)	(1,459,920)
Interest received		114,525	53,008
Income taxes paid		(445,277)	(389,974)
Net cash provided by operating activities	25	<u>402,498</u>	<u>961,270</u>
Cash flows from investing activities			
Investment in term deposits		(201,215)	(652,830)
Payments for property, plant and equipment	13	(299,129)	(34,575)
Payments for intangible assets		<u>(13,271)</u>	<u>(13,271)</u>
Net cash used in investing activities		<u>(513,615)</u>	<u>(700,676)</u>
Cash flows from financing activities			
Dividends paid	19	<u>(153,938)</u>	<u>(153,938)</u>
Net cash used in financing activities		<u>(153,938)</u>	<u>(153,938)</u>
Net increase/(decrease) in cash and cash equivalents		(265,055)	106,656
Cash and cash equivalents at the beginning of the financial year		<u>839,919</u>	<u>733,263</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>574,864</u></u>	<u><u>839,919</u></u>

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

Drouin & District Community Financial Services Limited

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 42 Princes Way, Drouin, VIC, 3818.

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 29 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.

Investments

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

Impairment of 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.

Drouin & District Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 3. Material accounting policy information (continued)

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.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
- Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
- Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

Drouin & District Community Financial Services Limited
Notes to the financial statements
30 June 2025

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

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.

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 April 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.

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.

Drouin & District Community Financial Services Limited
Notes to the financial statements
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Note 6. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	2,017,730	2,122,234
Fee income	88,517	88,129
Commission income	158,398	141,167
	<u>2,264,645</u>	<u>2,351,530</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.

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.

Drouin & District Community Financial Services Limited
Notes to the financial statements
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Note 6. Revenue from contracts with customers (continued)

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Other revenue

	2025	2024
	\$	\$
Net fair value gain on financial assets	2,038	4,693
Dividend and distribution income	1,054	976
Rental income	81,820	80,218
Other income	-	23,307
	<u>84,912</u>	<u>109,194</u>

Note 8. Expenses

Employee benefits expense

	2025	2024
	\$	\$
Wages and salaries	624,732	588,122
Non-cash benefits	4,674	2,337
Superannuation contributions	72,972	67,002
Expenses related to long service leave	8,024	20,298
Other expenses	36,832	49,575
	<u>747,234</u>	<u>727,334</u>

Drouin & District Community Financial Services Limited
Notes to the financial statements
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Note 8. Expenses (continued)

Depreciation and amortisation expense

	2025	2024
	\$	\$
<i>Depreciation of non-current assets</i>		
Buildings	65,811	65,792
Plant and equipment	20,233	3,842
	<u>86,044</u>	<u>69,634</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,163	2,253
Franchise renewal fee	10,815	11,266
	<u>12,978</u>	<u>13,519</u>
	<u><u>99,022</u></u>	<u><u>83,153</u></u>

Note 9. Income tax

	2025	2024
	\$	\$
<i>Income tax expense</i>		
Current tax	166,841	321,836
Movement in deferred tax	25,372	(973)
Under/over provision in respect to prior years	-	(147)
Net benefit of franking credits on dividends received	(452)	(418)
	<u>191,761</u>	<u>320,298</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	767,306	1,280,629
Tax at the statutory tax rate of 25%	191,827	320,157
Tax effect of:		
Tax offset for franked dividends	(452)	(418)
Non-deductible expenses	273	601
Other assessable income	113	105
	<u>191,761</u>	<u>320,445</u>
Under/over provision in respect to prior years	<u>-</u>	<u>(147)</u>

Drouin & District Community Financial Services Limited
Notes to the financial statements
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Note 9. Income tax (continued)

	2025	2024
	\$	\$
<i>Deferred tax liabilities/(assets)</i>		
Property, plant and equipment	466,405	438,450
Accounts receivable	39,433	43,884
Financial assets at fair value through profit or loss	228	(281)
Prepayments	3,242	3,103
Income accruals	14,405	14,060
Employee benefits	(17,107)	(17,512)
Accrued expenses	(7,445)	(6,564)
Accounts payable	(2,112)	(3,463)
	<u>497,049</u>	<u>471,677</u>
	2025	2024
	\$	\$
Income tax refund due	<u>57,400</u>	<u>-</u>
	2025	2024
	\$	\$
Provision for income tax	<u>-</u>	<u>221,488</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.

Note 10. Cash and cash equivalents

	2025	2024
	\$	\$
Cash at bank and on hand	<u>574,864</u>	<u>839,919</u>

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Notes to the financial statements
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Note 11. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	173,504	193,090
Accrued income	57,618	56,239
Prepayments	12,967	12,413
	<u>70,585</u>	<u>68,652</u>
	<u>244,089</u>	<u>261,742</u>
<i>Non-current assets</i>		
Other receivables and accruals	<u>2,478</u>	<u>2,478</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 12. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	<u>2,579,749</u>	<u>2,378,534</u>

Note 13. Property, plant and equipment

	2025 \$	2024 \$
Land - at fair value	1,555,000	1,555,000
Buildings - at fair value	2,551,796	2,546,012
Less: Accumulated depreciation	<u>(406,047)</u>	<u>(340,236)</u>
	<u>2,145,749</u>	<u>2,205,776</u>
Plant and equipment - at cost	355,427	280,875
Less: Accumulated depreciation	<u>(44,599)</u>	<u>(248,234)</u>
	<u>310,828</u>	<u>32,641</u>

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Note 13. Property, plant and equipment (continued)

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

	Land \$	Buildings \$	Plant and equipment \$	Works in progress \$	Total \$
Balance at 1 July 2023	1,555,000	2,271,568	7,983	-	3,834,551
Additions	-	-	28,500	6,075	34,575
Depreciation	-	(65,792)	(3,842)	-	(69,634)
Balance at 30 June 2024	1,555,000	2,205,776	32,641	6,075	3,799,492
Additions	-	5,784	292,345	1,000	299,129
Transfers in/(out)	-	-	6,075	(6,075)	-
Depreciation	-	(65,811)	(20,233)	-	(86,044)
Balance at 30 June 2025	<u>1,555,000</u>	<u>2,145,749</u>	<u>310,828</u>	<u>1,000</u>	<u>4,012,577</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:

Building	40 years
Plant and equipment	5 to 10 years

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

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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Note 14. Financial assets

	2025 \$	2024 \$
Equity securities - designated at fair value through profit or loss	<u>22,061</u>	<u>18,970</u>

Reconciliation

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

Opening fair value	18,970	13,301
Additions	1,053	976
Revaluation increments	<u>2,038</u>	<u>4,693</u>
Closing carrying amount	<u>22,061</u>	<u>18,970</u>

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

Drouin & District Community Financial Services Limited
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Note 15. Intangible assets

	2025 \$	2024 \$
Franchise fee	22,007	22,007
Less: Accumulated amortisation	(18,222)	(16,059)
	<u>3,785</u>	<u>5,948</u>
Franchise renewal fee	98,844	98,844
Less: Accumulated amortisation	(79,918)	(69,103)
	<u>18,926</u>	<u>29,741</u>
	<u><u>22,711</u></u>	<u><u>35,689</u></u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	8,201	41,007	49,208
Amortisation expense	(2,253)	(11,266)	(13,519)
Balance at 30 June 2024	5,948	29,741	35,689
Amortisation expense	(2,163)	(10,815)	(12,978)
Balance at 30 June 2025	<u><u>3,785</u></u>	<u><u>18,926</u></u>	<u><u>22,711</u></u>

Accounting policy for intangible assets

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

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

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)	April 2027
Franchise Renewal Fee	Straight-line	Over the franchise term (5 years)	April 2027

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

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Note 16. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	9,291	15,236
Other payables and accruals	83,359	107,583
	<u>92,650</u>	<u>122,819</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	14,598
	<u>-</u>	<u>14,598</u>
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	92,650	137,417
less other payables and accruals (net GST payable to the ATO)	(13,091)	(47,470)
	<u>79,559</u>	<u>89,947</u>

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	615,750	615,750	615,750	615,750

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).

Drouin & District Community Financial Services Limited
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Note 17. Issued capital (continued)

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 299. As at the date of this report, the company had 316 shareholders (2024: 314 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 18. 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.

Drouin & District Community Financial Services Limited
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Note 18. Capital management (continued)

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

Note 19. 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 25 cents per share (2024: 25 cents)	153,938	153,938

Franking credits

	2025	2024
	\$	\$
Franking account balance at the beginning of the financial year	1,438,920	1,099,841
Franking credits (debits) arising from income taxes paid (refunded)	445,277	389,974
Franking debits from the payment of franked distributions	(51,313)	(51,313)
Franking credits from franked distributions received	452	418
	<u>1,833,336</u>	<u>1,438,920</u>

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

Balance at the end of the financial year	1,833,336	1,438,920
Franking credits (debits) that will arise from payment (refund) of income tax	(57,400)	221,488
Franking credits available for future reporting periods	<u>1,775,936</u>	<u>1,660,408</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 20. 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.
- The company has no borrowings.

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

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Note 20. Financial risk management (continued)

	2025	2024
	\$	\$
Financial assets		
Trade and other receivables (note 11)	231,122	249,329
Cash and cash equivalents (note 10)	574,864	839,919
Financial assets (note 14)	22,061	18,970
Investments (note 12)	2,579,749	2,378,534
	<u>3,407,796</u>	<u>3,486,752</u>
Financial liabilities		
Trade and other payables (note 16)	<u>79,559</u>	<u>89,947</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 into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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

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

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Drouin & District Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 20. Financial risk management (continued)

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$574,864 and term deposits of \$2,579,749 at 30 June 2025 (2024: \$839,919 and \$2,378,534).

Price risk

The primary goal of the company's investment in equity securities is to hold the investments for the long term for strategic purposes.

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.

Exposure to liquidity risk

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	79,559	-	-	79,559
Total non-derivatives	79,559	-	-	79,559
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	75,349	14,598	-	89,947
Total non-derivatives	75,349	14,598	-	89,947

Note 21. Fair value measurement

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2025				
<i>Assets</i>				
Equity securities	22,061	-	-	22,061
Land and buildings	-	3,845,000	-	3,845,000
Total assets	22,061	3,845,000	-	3,867,061
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2024				
<i>Assets</i>				
Equity securities	18,970	-	-	18,970
Land and buildings	-	3,845,000	-	3,845,000
Total assets	18,970	3,845,000	-	3,863,970

There were no transfers between levels during the financial year.

Drouin & District Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 21. Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 22. Key management personnel disclosures

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

Rodney Bruce Dunlop	(Liberty) Joshua Chikuse
Roberto James Celada	Shaun Harry Mallia
Matthew Marc Williamson	Warren Leigh Warner
Vanessa Louise Marsh	Andrew John Waller
(Patrick) Sean Walsh	Sonia Gaye Lombardo

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

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

Note 23. Related party transactions

Key management personnel

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

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2025	2024
	\$	\$
The company made sponsorships to community groups where company directors also are committee members.	24,000	3,333
The company made a sponsorship to a local business where a company director is close family with the business owner.	8,000	2,600
The company made sponsorships to Drouin Football Club where a director and the de facto partner of a director are on the committee.	10,518	11,570

Drouin & District Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 24. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,930	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	3,006	1,514
General advisory services	7,729	6,903
	10,735	8,417
	18,665	15,067

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

	2025 \$	2024 \$
Profit after income tax expense for the year	575,545	960,331
Adjustments for:		
Depreciation and amortisation	99,022	83,153
Increase in fair value of equity instruments designated at FVTPL	(2,038)	(4,693)
Dividends reinvested in financial assets	(1,054)	(976)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	17,653	(4,076)
Increase in income tax refund due	(57,400)	-
Decrease in trade and other payables	(31,495)	(9,337)
Decrease in provision for income tax	(221,488)	(68,703)
Increase/(decrease) in deferred tax liabilities	25,372	(973)
Increase/(decrease) in employee benefits	(1,619)	6,544
Net cash provided by operating activities	402,498	961,270

Note 26. Earnings per share

	2025 \$	2024 \$
Profit after income tax	575,545	960,331
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	615,750	615,750
Weighted average number of ordinary shares used in calculating diluted earnings per share	615,750	615,750
	Cents	Cents
Basic earnings per share	93.47	155.96
Diluted earnings per share	93.47	155.96

Drouin & District Community Financial Services Limited
Notes to the financial statements
30 June 2025

Note 27. Commitments

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

Note 28. Contingencies

There were no contingent liabilities or contingent assets at the date of this report to affect the financial statements.

Note 29. Events after the reporting period

On 26 August 2025, the board announced a fully franked dividend of 25 cents per share, totalling \$153,938. This dividend was not recognised as a liability at 30 June 2025, as it was declared after the reporting period. The dividend is expected to be paid in March 2026.

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

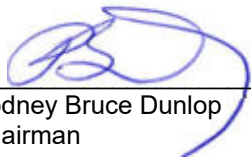
Drouin & District Community Financial Services Limited
Directors' declaration
30 June 2025

In the directors' opinion:

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

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

On behalf of the directors



Rodney Bruce Dunlop
Chairman

29 September 2025



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

Independent auditor's report to the Directors of Drouin & District Community Financial Services Limited

Report on the audit of the financial report

Our opinion

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

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

What we have audited

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

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

Basis for opinion

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

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

Other information

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

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

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

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



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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', is positioned above the printed name.

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

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

Jessica Ritchie
Lead Auditor

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