

Annual Report

2025

Heathcote & District
Financial Services
Limited

Community Bank
Heathcote & District and Nagambie

ABN 44 112 376 986

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ABN 44 112 376 986

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Share Registry:
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www.heathcotenagambie.community
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Chair’s report

I am pleased to present my third report as Chair of the board of Heathcote & District Financial Services Limited.

During FY2025, we have successfully achieved a period of stability and significant growth across the business after experiencing much change in the last 2-3 years.

Of great significance is the fact that in June 2025 we renewed our Franchise Agreement with Bendigo Bank for a further 5 years, with two further 5-year options as a condition of that renewal. Despite recent media reports of the closure of corporate bank branches by Bendigo Bank and its major competitors, our Community Bank is currently financially sustainable and modestly profitable. Our board and staff will continue to work hard to grow our business as we are determined to continue providing a full range of banking and financial services in branch to our local communities in Heathcote, Nagambie and the surrounding district.

In relation to our financial year end results, despite the challenges posed by the ongoing cost of living and housing availability crises, the combined Community Bank Heathcote & District and Bendigo Bank Nagambie branches have retained customer stability. Our staff continue to regularly exceed key performance targets and have achieved significant growth across our lending, term deposits and insurance products.

Given the current economic conditions, it is not surprising that our total revenue is down 9% on last year’s result. However, we remain profitable by a modest margin with a profit after tax of \$122,245

This year the board resolved to pay a fully franked dividend of 5.5 cents per share. Whilst this is less than the FY2024 dividend of 8 cents per share – remember that was in the context of 2-3 years of higher than usual profits. The dividend being issued this year is consistent with the longer-term shareholder return over the last 5-7 years and reflects the need for a conservative approach at present.

The good news is that because of those previous profits, we have substantial funds available within the Community Enterprise Foundation (CEF) to distribute in a planned and well-considered way over the next 5-10 years to eligible community organisations, grants and scholarships. During FY2025, we decided to invite applications on a rolling basis from community, school and sporting organisations so that we could provide more timely and responsive decisions. Ultimately, we distributed \$110,000 from the CEF, and \$62,718 from our budgeted expense which allows us to support community organisations or events that may not meet the strict eligibility criteria of the CEF.

I want to acknowledge that much of our success this year is attributed to our previous Branch Manager Joey Mayes. Since he joined us in December 2023, he established a workplace culture that inspires our wonderful staff to work hard and to importantly, take every opportunity to recognise that great work. Joey’s remarkable results were recently recognised by Bendigo Adelaide Bank when he was presented with the “Rising Star” award in September 2025. I must say that the board had mixed feelings about releasing Joey earlier this year to a secondment promotion opportunity because we know that he is destined for great things and indeed that has occurred. We wish Joey great success in his new role as Branch Manager at Bendigo Bank Castlemaine. We are very grateful for the solid foundation that he created in our organisation.

Whilst Joey left big shoes to fill, and at short notice, we are very grateful that our Acting Branch Manager Heath Cail stepped up to the plate and quickly established himself as a highly competent and enthusiastic leader and lender. Heath came to us with significant prior experience in banking and management and he has coached and supported our staff to continue to achieve excellent results across both the Community Bank Heathcote & District and Bendigo Bank Nagambie branches. He has also integrated well with the board and his insights into the performance of our business are integral to our decision making.

Our staff are of course the backbone of our organisation, and the board is very grateful for their professionalism, enthusiasm and the excellent customer service that they provide to our customers. The feedback from our customers is consistently very positive. Whilst they are a small team, they are a mighty one – thank you Shelly McCoy, Zavia Roberts, Krystal Eickert, Di Woosnam and Stacey Wylde-Browne for your hard work and dedication. Our customer campaigns are showing excellent results, and the team continues to exceed Key Performance Indicators. It is also very pleasing to see that we are growing our customer base and capitalising on the opportunities that our large geographical territory offers. The board looks forward to supporting each of you to grow and develop in your career and within the business.

I would like to thank our previous Regional Manager Leanne Martin, and our incoming Regional Manager Kendall Beattie. Their ongoing support of the board, branch manager and staff ensures that our organisation is performing at its best in the interests of our customers. Your input and guidance are very much appreciated.

At the board level, we now have a diverse and experienced group of directors who bring a wealth of expertise from their respective professional backgrounds in corporate governance, regulatory compliance, law, finance, strategy and risk, marketing, technology and small business ownership. Their willingness to prepare thoroughly, listen to each other, ask questions and bring new ideas makes working together a truly collaborative experience. All directors are very focussed on improving the financial sustainability of our community bank, exploring all opportunities to achieve growth, ensuring that our staff are supported to provide excellent customer service, and making timely and well-considered decisions in the best interests of our organisation and shareholders.

The board intends to continue to regularly recruit at least one or two new directors each year to make room for new perspectives and ideas at the board level. We also want to ensure that we have continuity and stability in succession planning over the long term.

Our directors volunteer their valuable time not just at the board level, but they also participate in a wide range of local community events. Their understanding and connection to many local community organisations ensures that the board has an in-depth understanding of the needs of our local community.

This allows the board to direct up to 80% of our profits into grants, sponsorships and scholarships that will have the most impact within our local community. This year there have been too many worthy recipients to name but a highlight has been our incredibly successful partnership with the Heathcote SES to raise funds for a new SES truck. Since December 2024, our \$1:\$1 contribution matching campaign has raised over \$95,000 towards the target of \$200,000 which is a truly remarkable achievement. We look forward to completing this campaign next year.

That could not have been possible without our Marketing and Community Engagement Officer Charleen Warburton who has brought endless enthusiasm and many innovative ideas to the board to ensure that we can provide maximum positive impact within our local community. Our board is also incredibly grateful to our Company Secretary Michelle Baker. Both make an invaluable contribution by ensuring that we have in-depth information and analysis to inform our decision making.

The board is continually looking for new opportunities to better support our community. We encourage anyone with ideas or projects to contact Charleen: marketing@heathcotenagambie.community.

Finally, we thank our loyal shareholders and customers for their ongoing support of the Community Bank. Our directors and staff all believe it is a great privilege to be of service in the wonderful community of Heathcote, Nagambie and surrounds.

Natalie Sheridan-Smith
Chair

Manager's report

It is with great pleasure that I present my first Branch Manager's Report for Heathcote & District Financial Services Limited.

Firstly, I would like to extend my heartfelt appreciation to our former manager, Joseph Mayes, for his significant contribution to our business. Joseph instilled strong work ethics and a culture of excellent service across the Heathcote and Nagambie branches. His deep knowledge of both policy and product, along with his commitment to staff development, has set us on the best path forward. I wish Joseph every success in his next adventure within Bendigo Bank.

The 2025 financial year was a challenging one for Community Bank Heathcote & Nagambie. Lending activity and growth at Heathcote remained subdued and is expected to remain so in the current environment. With cost-of-living pressures continuing to impact our region, we have seen a trend of investment properties being sold, with surplus funds from those sales often being used to pay down owner-occupied facilities.

As at June 2025, Community Bank Heathcote & Nagambie served 3,226 customers, with business volumes as follows:

- Total loans: \$37,899,018
- Total deposits: \$108,485,782
- Total wealth: \$175,792
- Other business: \$403,445
- Total book size: \$146,964,038

Customer growth was encouraging, with net growth of 4.25% at Heathcote and 38.50% at Nagambie. Pleasingly, we also achieved our Wealth and Insurance targets across both branches.

To the staff at Heathcote and Nagambie, I would like to personally thank Shelly McCoy, Zavia Roberts, Krystal Eickert, Di Woosnam and Stacey Wylde-Browne for their continued passion, professionalism, and commitment to our customers and community. The combined banking knowledge and experience among this team is exemplary, and I am truly grateful for the opportunity to lead such talented individuals. I look forward with excitement and enthusiasm to continuing our journey together into the 2026 financial year.

I would also like to sincerely thank our customers and shareholders. Your ongoing support allows us to reinvest back into our communities, ensuring that vital sponsorships and grants remain in place. Without this support, we would not be able to provide the level of community investment that strengthens Heathcote and Nagambie.

Finally, I would like to acknowledge the Heathcote & District Financial Services Board. Since joining as Customer Relationship Manager in January, and more recently stepping into the Branch Manager role during Joseph's secondment, I have been welcomed and supported. The Board's dedication of countless volunteer hours each month ensures our company operates smoothly, with investment into our communities delivered in a well-governed and transparent manner.

Warm regards,

Heath Cail
Branch Manager

Heathcote & District Financial Services Limited

Financial Report

ABN: 44 112 376 986

For the year ended
30 June 2025

Directors' Report

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

Information on 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:

Natalie Therese Sheridan-Smith Chair

Natalie's education includes a Bachelor of Laws (2002); Graduate Diploma of Legal Practice (2002); Graduate of the Australian Institute of Company Directors (2000). Registrations: "Australian lawyer" holding a current practicing certificate since April 2002. Profession: Barrister specialising in court litigation in the areas of State and Federal criminal law, regulatory compliance, child protection. Other leadership/board roles: President of the Children's Court Bar Association (since 2021); non-executive director of Alexandra District Health (since 2022); previously non-executive director of Heathcote Health (2019-2021) and previously independent member of Heathcote Health Finance Audit and Risk sub-committee (2022-2023).

Julie Maree Guettler Non-executive director

Previous role was Head of Compliance at BankVic, with 40 years' experience in financial services. Certified Risk & Compliance Professional (GRC Institute), Diploma of Superannuation Management (Macquarie University), Diploma of Financial Services (Macquarie University) and Advanced Diploma of Financial Services (ASFA).

Bryan Charles Linnell Non-executive director

Bryan is currently Part Owner of Heathcote Post Office and Newsagency working part time mail and parcel sorting as well as account and compliance management. Bryan is previously an eager, passionate and experienced Logistics, Railway Operations, Management, Customer Service and Account Management Specialist in both Government (Victorian Railways) and Private Rail Companies (National Rail and Pacific National).

Reginald Dickinson Non-executive director (resigned 23 July 2024)

Neil Thomas McKinnon Non-executive director (appointed 4 September 2024)

Neil has 40 years' experience in the software industry, with roles including company founder, executive management and leadership, CEO, investor, and director. He has worked across start-up, scale-up, and multi-national businesses. Neil is active in the local community, including the committees of the Heathcote Film Festival and Heathcote Golf Club. He is also actively involved with the Friends of the Bendigo-Kilmore Rail Trail group, and is a volunteer across a number of community events. He has a bachelor's degree in Computer Science and Applied Mathematics from Monash University (BSc) and is a Member and Graduate of the Australian Institute of Company Directors (GAICD).

Cuong Han Lam Non-executive director (appointed 16 October 2024)

Cuong Lam brings deep marketing experience from both the U.S. and Australia, having worked with leading organisations such as MTV, ESPN, and NBCUniversal, as well as Peters Ice Cream, Kraft Heinz, and Cancer Council Victoria. He currently splits his time between Melbourne and Heathcote. At Cancer Council Victoria, Cuong leads Social Media, UX, SEO, and Paid Advertising across the organisation's Fundraising, Brand, and Supportive Care programs. A key priority in his work is ensuring strong engagement with and support for regional communities. Cuong's expertise spans branding, website redesign, advertising and media buying, performance marketing, social media, and email marketing. He has contributed to some of the country's most recognisable community campaigns, including Relay For Life, Australia's Biggest Morning Tea, and Daffodil Day.

Peter Catherwood Young Non-executive director (resigned 29 April 2025)

Peter is currently Owner and Winemaker at Silver Spoon Estate, having formerly been Managing Director of an IT software and services company. He is currently President of Heathcote Tourism and Development. Peter's qualifications include an Honours Degree in Science, Master of Business Administration and Master of Wine Technology and Viticulture.

Andrew Neil Campbell Non-executive director (resigned 8 July 2024)

Registered Wool Classer and Officer Redesdale CFA.

Directors’ report (continued)

Company Secretary

The company secretary is Michelle Baker. Michelle was appointed to the position of company secretary on 4 November 2020.

Michelle is an experienced company secretary with many years working within the Community Bank network. Michelle holds a Bachelor of Arts, Advanced Diploma in Business and has completed extensive training through the Governance Institute of Australia.

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 \$122,245 (2024: \$159,119).

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 8 cents per share (2024: 8 cents)	47,593	47,593

Significant changes in 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

Subsequent to year end, the company declared a 5.5 cent dividend on 1 September 2025 totaling \$32,720. This is to be paid in the following financial year.

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

	Board	
	Eligible	Attended
Natalie Therese Sheridan-Smith	10	10
Julie Maree Guettler	10	9
Bryan Charles Linnell	10	7
Neil Thomas McKinnon	8	7
Cuong Han Lam	8	5
Peter Catherwood Young	9	8
Reginald Dickinson	2	-
Andrew Neil Campbell	1	-

Directors’ report (continued)

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 22 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.

	Balance at the start of the year	Changes	Balance at the end of the year
Natalie Therese Sheridan-Smith	-	-	-
Julie Maree Guettler	-	-	-
Bryan Charles Linnell	-	-	-
Neil Thomas McKinnon	-	-	-
Cuong Han Lam	-	-	-
Peter Catherwood Young	-	-	-
Reginald Dickinson	-	-	-
Andrew Neil Campbell	-	-	-

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.

Directors' report (continued)

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 23 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



Julie Guettler
Deputy Chair

Dated: 24 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 Heathcote & District Financial Services Limited

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 24 September 2025



Joshua Griffin
Lead Auditor

Financial statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	1,134,726	1,247,041
Other revenue		-	3,182
Finance revenue		18,295	16,350
Total revenue		<u>1,153,021</u>	<u>1,266,573</u>
Employee benefits expense	7	(581,235)	(582,424)
Advertising and marketing costs		(47,586)	(54,319)
Occupancy and associated costs		(47,475)	(46,230)
System costs		(31,553)	(32,835)
Depreciation and amortisation expense	7	(82,940)	(85,600)
Finance costs	7	(20,116)	(21,558)
General administration expenses		(116,405)	(138,249)
Total expenses before community contributions and income tax expense		<u>(927,310)</u>	<u>(961,215)</u>
Profit before community contributions and income tax expense		225,711	305,358
Charitable donations, sponsorships and grants	7	<u>(62,718)</u>	<u>(94,884)</u>
Profit before income tax expense		162,993	210,474
Income tax expense	8	<u>(40,748)</u>	<u>(51,355)</u>
Profit after income tax expense for the year		122,245	159,119
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>122,245</u></u>	<u><u>159,119</u></u>
		Cents	Cents
Basic earnings per share	25	20.55	26.75
Diluted earnings per share	25	20.55	26.75

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

Financial statements (continued)

Statement of Financial Position

As at June 30 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	333,229	334,143
Trade and other receivables	10	70,042	69,461
Investments	11	331,250	331,250
Current tax assets	8	12,695	-
Total current assets		<u>747,216</u>	<u>734,854</u>
Non-current assets			
Property, plant and equipment	12	119,891	95,828
Right-of-use assets	13	386,242	433,922
Intangible assets	14	142,848	23,374
Deferred tax assets	8	13,009	17,485
Total non-current assets		<u>661,990</u>	<u>570,609</u>
Total assets		<u>1,409,206</u>	<u>1,305,463</u>
Liabilities			
Current liabilities			
Trade and other payables	15	90,450	95,028
Lease liabilities	16	51,858	50,824
Current tax liabilities	8	-	33,357
Employee benefits		14,476	9,903
Total current liabilities		<u>156,784</u>	<u>189,112</u>
Non-current liabilities			
Trade and other payables	15	94,792	-
Lease liabilities	16	386,714	425,205
Employee benefits		3,096	-
Provision		47,504	45,482
Total non-current liabilities		<u>532,106</u>	<u>470,687</u>
Total liabilities		<u>688,890</u>	<u>659,799</u>
Net assets		<u><u>720,316</u></u>	<u><u>645,664</u></u>
Equity			
Issued capital	17	558,357	558,357
Retained earnings		<u>161,959</u>	<u>87,307</u>
Total equity		<u><u>720,316</u></u>	<u><u>645,664</u></u>

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

Financial statements (continued)

Statement of Changes in Equity

For the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		558,357	(24,219)	534,138
Profit after income tax expense		-	159,119	159,119
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	159,119	159,119
<i>Transactions with owners in their capacity as ovr</i>				
Dividends provided for or paid	19	-	(47,593)	(47,593)
Balance at 30 June 2024		<u>558,357</u>	<u>87,307</u>	<u>645,664</u>
Balance at 1 July 2024		558,357	87,307	645,664
Profit after income tax expense		-	122,245	122,245
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	122,245	122,245
<i>Transactions with owners in their capacity as ovr</i>				
Dividends provided for or paid	19	-	(47,593)	(47,593)
Balance at 30 June 2025		<u>558,357</u>	<u>161,959</u>	<u>720,316</u>

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

Financial statements (continued)

Statement of Cash Flows

For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,217,581	1,387,648
Payments to suppliers and employees (inclusive of GST)		(989,876)	(1,173,110)
Interest received		18,295	16,922
Income taxes paid		(82,324)	(54,657)
Net cash provided by operating activities	24	<u>163,676</u>	<u>176,803</u>
Cash flows from investing activities			
Payments for property, plant and equipment	12	(40,049)	(25,657)
Payments for intangible assets		(25,498)	(25,498)
Net cash used in investing activities		<u>(65,547)</u>	<u>(51,155)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(18,093)	(19,616)
Dividends paid	19	(47,593)	(47,593)
Repayment of lease liabilities		(33,357)	(30,816)
Net cash used in financing activities		<u>(99,043)</u>	<u>(98,025)</u>
Net increase/(decrease) in cash and cash equivalents		(914)	27,623
Cash and cash equivalents at the beginning of the financial year		<u>334,143</u>	<u>306,520</u>
Cash and cash equivalents at the end of the financial year	9	<u>333,229</u>	<u>334,143</u>

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

Notes to the financial statements

For the year ended 30 June 2025

Note 1. Reporting entity

The financial statements cover Heathcote & District 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:

Registered office	Principal place of business
Shop 2, 119 High Street Heathcote VIC 3523	Shop 2, 119 High Street Heathcote VIC 3523
	1/263 High Street Nagambie VIC 3608

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 24 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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 3. Material accounting policy information (continued)

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

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

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

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

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

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

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

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

Impairment of non-financial assets

The company assesses impairment of non-financial assets 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.

Recovery of deferred tax assets

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

Lease term

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

In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations, comparison of terms and conditions to prevailing market rates, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

The company includes extension options applicable to the lease of branch premises in its calculations of both the right-of-use asset and lease liability except where the company is reasonably certain it will not exercise the extension option. This is due to the significant disruption of relocating premises and the loss on disposal of leasehold improvements fitted out in the leased premises.

Estimates and assumptions

Estimation of useful lives of assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives or assets that have been abandoned or sold will be written off or written down.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, which is generally the case for the company's lease agreements, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. This rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 5. Economic dependency

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 2030.

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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	974,141	1,084,212
Fee income	64,583	62,685
Commission income	96,002	100,144
	<u>1,134,726</u>	<u>1,247,041</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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

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:

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

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)

For the year ended 30 June 2025

Note 7. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	479,160	480,211
Non-cash benefits	-	3,325
Superannuation contributions	55,425	52,680
Expenses related to long service leave	5,454	3,084
Other expenses	41,196	43,124
	<u>581,235</u>	<u>582,424</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	8,536	6,462
Plant and equipment	2,961	2,368
Motor vehicles	3,886	6,616
Computer equipment	603	603
	<u>15,986</u>	<u>16,049</u>

Depreciation of right-of-use assets

Leased land and buildings	<u>43,580</u>	<u>44,039</u>
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Amortisation of intangible assets

Franchise fee	3,896	4,252
Franchise renewal fee	19,478	21,260
	<u>23,374</u>	<u>25,512</u>
	<u>82,940</u>	<u>85,600</u>

Finance costs

	2025 \$	2024 \$
Lease interest expense	18,093	19,616
Unwinding of make good provision	2,023	1,942
	<u>20,116</u>	<u>21,558</u>

Leases recognition exemption

	2025 \$	2024 \$
Expenses relating to low-value leases	<u>11,927</u>	<u>11,041</u>

Charitable donations, sponsorships and grants

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	<u>62,718</u>	<u>94,884</u>

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 7. Expenses (continued)

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

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	36,272	61,595
Movement in deferred tax	4,476	(8,461)
Under/over adjustment	-	(1,779)
Aggregate income tax expense	40,748	51,355
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	162,993	210,474
Tax at the statutory tax rate of 25%	40,748	52,619
Tax effect of:		
Non-deductible expenses	-	515
	40,748	53,134
Under/over adjustment	-	(1,779)
Income tax expense	40,748	51,355

	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	4,393	8,601
Provision for lease make good	11,876	11,370
Accrued expenses	1,350	1,225
Lease liabilities	109,643	119,007
Right-of-use assets	(96,560)	(108,481)
Property, plant and equipment	(17,693)	(14,237)
Deferred tax asset	13,009	17,485

	2025 \$	2024 \$
Income tax refund due	12,695	-
	2025 \$	2024 \$
Provision for income tax	-	33,357

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 8. Income tax (continued)

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 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	333,229	334,143

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	61,928	58,977
Prepayments	8,114	10,484
	70,042	69,461

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

Note 11. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	331,250	331,250

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 12. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	168,802	138,605
Less: Accumulated depreciation	(80,583)	(76,260)
	<u>88,219</u>	<u>62,345</u>
Plant and equipment - at cost	78,317	72,678
Less: Accumulated depreciation	(62,777)	(59,816)
	<u>15,540</u>	<u>12,862</u>
Motor vehicles - at cost	55,750	55,750
Less: Accumulated depreciation	(39,618)	(35,732)
	<u>16,132</u>	<u>20,018</u>
Computer equipment - at cost	1,206	1,206
Less: Accumulated depreciation	(1,206)	(603)
	<u>-</u>	<u>603</u>
	<u>119,891</u>	<u>95,828</u>

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Computer equipment \$	Total \$
Balance at 1 July 2023	49,147	10,439	26,634	-	86,220
Additions	19,660	4,791	-	1,206	25,657
Depreciation	(6,462)	(2,368)	(6,616)	(603)	(16,049)
Balance at 30 June 2024	62,345	12,862	20,018	603	95,828
Additions	34,410	5,639	-	-	40,049
Depreciation	(8,536)	(2,961)	(3,886)	(603)	(15,986)
Balance at 30 June 2025	<u>88,219</u>	<u>15,540</u>	<u>16,132</u>	<u>-</u>	<u>119,891</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 and diminishing-value basis to write off the net cost of each item of property, plant and equipment over their expected useful lives as follows:

Leasehold improvements	1 to 20 years
Plant and equipment	1 to 40 years
Motor vehicles	8 years
Computer equipment	1 year

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

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 13. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	653,567	657,667
Less: Accumulated depreciation	(267,325)	(223,745)
	<u>386,242</u>	<u>433,922</u>

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

	Land and buildings \$
Balance at 1 July 2023	480,830
Remeasurement adjustments	(2,869)
Depreciation expense	(44,039)
Balance at 30 June 2024	433,922
Remeasurement adjustments	(4,100)
Depreciation expense	(43,580)
Balance at 30 June 2025	<u>386,242</u>

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2025 \$	2024 \$
Franchise fee	134,031	110,223
Less: Accumulated amortisation	(110,223)	(106,327)
	<u>23,808</u>	<u>3,896</u>
Franchise renewal fee	340,122	221,082
Less: Accumulated amortisation	(221,082)	(201,604)
	<u>119,040</u>	<u>19,478</u>
	<u>142,848</u>	<u>23,374</u>

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 14. 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 \$	Total \$
Balance at 1 July 2023	8,148	40,738	48,886
Amortisation expense	(4,252)	(21,260)	(25,512)
Balance at 30 June 2024	3,896	19,478	23,374
Additions	23,808	119,040	142,848
Amortisation expense	(3,896)	(19,478)	(23,374)
Balance at 30 June 2025	23,808	119,040	142,848

Accounting policy for intangible assets

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2030

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

Note 15. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	185	5,505
Other payables and accruals	90,265	89,523
	90,450	95,028
<i>Non-current liabilities</i>		
Other payables and accruals	94,792	-
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payable</i>		
Total trade and other payables	185,242	95,028
Less other payables and accruals (net GST payable to the ATO)	(18,278)	(17,622)
	166,964	77,406

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	51,858	50,824
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	386,714	425,205
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	476,029	508,276
Remeasurement adjustments	(4,100)	(1,431)
Lease interest expense	18,093	19,616
Lease payments - total cash outflow	(51,450)	(50,432)
	438,572	476,029

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Heathcote Branch	3.54%	5 years	2 x 5 years	Yes	July 2035
Nagambie Branch	5.39%	5 years	1 x 5 years	Yes	March 2032

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	594,910	594,910	594,910	594,910
Less: Equity raising costs	-	-	(36,553)	(36,553)
	594,910	594,910	558,357	558,357

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 17. Issued capital (continued)

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").

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

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.

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

Note 19. Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 8 cents per share (2024: 8 cents)	47,593	47,593

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	91,267	52,474
Franking credits (debits) arising from income taxes paid (refunded)	82,324	54,657
Franking debits from the payment of franked distributions	(15,864)	(15,864)
	157,727	91,267

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

Balance at the end of the financial year	157,727	91,267
Franking credits (debits) that will arise from payment (refund) of income tax	(12,695)	33,357
Franking credits available for future reporting periods	145,032	124,624

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 20. Financial risk management (continued)

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.

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables (note 10)	61,928	58,977
Cash and cash equivalents (note 9)	333,229	334,143
Investments (note 11)	331,250	331,250
	<u>726,407</u>	<u>724,370</u>
Financial liabilities at amortised cost		
Trade and other payables (note 15)	166,964	77,406
Lease liabilities (note 16)	438,572	476,029
	<u>605,536</u>	<u>553,435</u>

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

Accounting policy for financial instruments

Financial assets

Classification
The company classifies its financial assets at amortised cost.

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

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

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

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 20. Financial risk management (continued)

Financial liabilities

Classification
The company classifies its financial liabilities at amortised cost.

Derecognition
A financial liability is derecognised then 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 \$333,229 at 30 June 2025 (2024: \$334,143) and investments of \$331,250 at 30 June 2025 (2024: \$331,250).

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	72,172	94,792	-	166,964
Lease liabilities	52,861	226,704	243,840	523,405
Total non-derivatives	<u>125,033</u>	<u>321,496</u>	<u>243,840</u>	<u>690,369</u>
2024				
Trade and other payables	77,406	-	-	77,406
Lease liabilities	51,806	222,184	305,842	579,832
Total non-derivatives	<u>129,212</u>	<u>222,184</u>	<u>305,842</u>	<u>657,238</u>

Note 21. Key management personnel disclosures

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

Natalie Therese Sheridan-Smith	Cuong Han Lam
Julie Maree Guettler	Peter Catherwood Young
Bryan Charles Linnell	Reginald Dickinson
Neil Thomas McKinnon	Andrew Neil Campbell

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 22. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

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

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 \$
During the year a sponsorship was paid to Heathcote Tourism & Development Inc, of which a director is the President.	421	10,000
During the year a sponsorship was paid to Heathcote Film Festival, of which a director is associated	3,250	-

Note 23. 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	7,950	8,030
<i>Other services</i>		
Taxation advice and tax compliance services	2,369	2,650
General advisory services	3,805	2,940
Share registry services	6,633	5,175
	12,807	10,765
	20,757	18,795

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	122,245	159,119
Adjustments for:		
Depreciation and amortisation	82,940	85,598
Lease liabilities interest	18,093	19,616
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(23,139)	17,172
Increase in income tax refund due	(12,695)	-
Decrease/(increase) in deferred tax assets	4,476	(8,461)
Decrease in trade and other payables	(4,578)	(110,380)
Increase/(decrease) in provision for income tax	(33,357)	5,159
Increase in employee benefits	7,669	6,422
Increase in other provisions	2,022	2,558
Net cash provided by operating activities	163,676	176,803

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	122,245	159,119
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	594,910	594,910
Weighted average number of ordinary shares used in calculating diluted earnings per share	594,910	594,910
	Cents	Cents
Basic earnings per share	20.55	26.75
Diluted earnings per share	20.55	26.75

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

Subsequent to year end, the company declared a 5.5 cent dividend on 1 September 2025 totaling \$32,720. This is to be paid in the following financial year.

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

Directors' declaration

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



Julie Guettler
Deputy Chair

24 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 Heathcote & District Financial Services Limited Report on the audit of the financial report

Our opinion

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

- 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
- complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

We have audited the financial report of Heathcote & District 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.

Independent audit report (continued)



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.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated:24 September 2025

Joshua Griffin
Lead Auditor

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Heathcote & District Financial Services Limited
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 **Bendigo Bank**