

Annual Report 2025

Indigo Community
Development Group Limited

Community Bank
Beechworth & District

ABN 38 146 766 725

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Chair's report

For year ending 30 June 2025

I present the fourteenth Annual Report for the Indigo Community Development Group Limited "ICDG". ICDG oversees the Community Bank Beechworth & District "the Bank". The Bank is a stable community owned bank operating under a franchisee arrangement from Bendigo and Adelaide corporation.

The bank offers all banking services and once again experienced growth. We ended the financial year with an after-tax profit for 2024/25 was \$72,246. This is acknowledged as a strong result for a community bank.

The 2024/25 financial year dividends, at a rate of nine cents fully franked for each share, totalled \$67,774. This is a reward to the 297 shareholders in our community who own shares in the company.

For the first time in our history, we are supporting four second year students as well as four first year students in the Bendigo Bank bachelor's degree Scholarship Program. This Scholarship is \$3,000 for each of the first two years of university study. We will continue with these programs next financial year.

We continued our annual Community Grants Program again and contributed more than \$70,000 to 26 different projects within the Indigo Shire. Each project run by a different community organisation. In addition, we supported multiple clubs fundraise with community barbeques.

In addition to the annual Community Grants Program, we also contributed of \$150,000 to a major project this year. This was the Beechworth Wanders Cricket Club, cricket nets facility. This project has been in the planning and approval stage for over five years by the club and who have been working with the Indigo Shire Council who manage the public land at Baamutha Park. The banks contribution will pay for walls and roofing which will allow this to be used in all weather conditions. Once completed, this facility will have great potential for other sporting and community groups to use. We remain on the lookout for other major projects to fund across our footprint.

We contributed another \$22,500 to the Community Enterprise Foundation during the year. We have \$800,000 in this foundation for philanthropic projects. We have used the foundation to provide funding to improve Christmas and event lighting in Beechworth.

All Community Enterprise Foundation contributions, grants and sponsorships to the community are only possible by the ongoing support of our shareholders and banking customers. The more we can all support the Community Bank Branch, the more the bank is able to support the community.

I welcome Theresa Cowen as Branch Manager and Emma O'Donnell as Customer Service Officer to our team at the branch. Jo Terry and Desley Brown continue as Customer Service Officers. The Board, and I thank all the staff for their efforts and commitment to our Community Bank Branch.

Finally, I thank my fellow volunteer Directors for the time that they give to ensure our Community Bank Branch a success. The Branch would not succeed if it were not for all the effort that they put into it after their own employment and family time.



Ben Merritt
Chair.

Manager's report

For year ending 30 June 2025

Financial Year 2025 has been a year of both growth and continued focus on staffing stability and operating model effectiveness. With the on-going support of our branch team, volunteer Directors, and the senior leadership team within Bendigo Bank, I am pleased to see a strong collaborative approach and desire to continually drive improved results, a sustainable risk management approach and support as required with staff recruitment and changes throughout the year.

Community Bank Beechworth & District ended the financial year with funds under management totalling over \$128 million. This represents approximately 10% overall growth from FY 2024.

I believe the growth that we continue to achieve is a testament to the Community Bank model and the unique point of difference we offer in the community.

From an operating perspective, achieving sustainable growth, whilst managing risk is an ongoing balancing act, of which we strive to achieve continued and improved success in both. Community Bank Beechworth & District has passed its last Risk Audit achieving a 'Satisfactory' result. This is testament to a highly focussed and dedicated team within the Branch.

Very similar to many branches located within regional communities, attracting highly skilled talent can often take longer than in larger inner-city environments. This has posed a challenge for our branch at times throughout the year. However, with the support of our volunteer Directors and support teams within Bendigo Bank we continue to market ourselves as highly desirable location to live and work.

Currently, we have three dedicated part time Customer Service Officers that are doing a wonderful job serving and building strong relationships with our customers and community members. These relationships, in addition to the work our volunteer Board do have been paramount to the success, retention and growth of our small branch. In addition, I am the current Branch Manager, and we are recruiting for another senior role to support lending Growth and operational effectiveness. This will complete our team.

After this year's announcement of Grants & Sponsorships it was a pleasure to update our tally Board in Branch that now says, 'Community Contributions since 2011 has reached just over \$900k'. It gives us great pleasure to be able to give back to our local community in such a meaningful way.



Manager's report (continued)

The feedback and appreciation we receive from the wider community and customers on a daily basis is always positive and truly makes working for Community Bank Beechworth & Districts a pleasure.

On behalf of the branch team and I we would like to thank the Volunteer Board that sits behind us. Current Chair of the Board, Ben Merritt, and previous Chair, Jenny Lucas, thank you for your guidance throughout the year, and to the rest of the group for your tireless passion and assistance, your knowledge and your expertise, your connection to the community and your dedication is wonderfully appreciated.

Last but certainly not least, a huge thank you to our shareholders who trust us with their invested funds. To the customers, who place their faith in us to provide them with the banking solutions to best fit their needs, to the businesses who choose and trust us as their preferred bank, we thank you.

We look forward to 2026 bringing the same successes as previous years, and to all the exciting community projects we will continue to support.



Theresa Cowan
Branch Manager
Community Bank Beechworth & District

Bendigo and Adelaide Bank report

For year ending 30 June 2025

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

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

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

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

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

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

Justine Minne

Head of Community Banking, Bendigo Bank

Directors' report

30 June 2025

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

Directors

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

Name:	Benjamin Merritt
Title:	Non-executive director
Experience and expertise:	He has a Forest Science degree from the University of Melbourne and a degree in Adult education and training from the University of Tasmania. He has spent 26 years working for land and vegetation fire management agencies in Victoria and Tasmania and is currently the Community Partnership Support Officer for the Ovens district of Forest Fire Management Victoria. He has played a variety of sports including football and hockey and believe that everybody should make a larger contribution to their community than just paying their rates and taxes. As a result he has been on the committee of the Beechworth and District Hockey club and also the local sports park committee of management, each for more than 6 years since 2010 and also has coached junior sports teams. He has just commenced with the community bank board and is looking forward to remaining in this role for years to come.
Special responsibilities:	Chairperson
Name:	Jennifer Lucas
Title:	Non-executive director
Experience and expertise:	Jenny continues to live in Wooragee with her husband Warren and has done so for the past 34 years. She is a Business Owner/Manager of her family owned business Lucas Mill Pty Ltd and employ 30 staff. She and Warren also run their agricultural business in Wooragee and Leneva where they produce Prime lambs, Wool and Angus vealers each year. Jenny has a past history of nursing and has a very keen interest with local health issues. She has been on the board for six years and currently holds the position of Vice chair for the third year. Jenny has previously held treasurer and president roles in a number of local community groups, but is currently only on the board of our local Community Bank branch. Executive Committee for our Community Bank branch.
Special responsibilities:	Nil
Name:	Darren Carr
Title:	Non-executive director
Experience and expertise:	Darren is involved in various committees in and around Beechworth. He has owned and operated Beechworth Mitre 10 since 2011 and has served on the Board since 2011.
Special responsibilities:	Nil
Name:	Jaclyn Hall
Title:	Non-executive director
Experience and expertise:	After some 40 years of HR, marketing and operational experience with Melbourne's leading prestigious real estate companies, Jackie is delighted to be able to add value to the Board.
Special responsibilities:	Member of Grants Committee
Name:	Susan Humphris
Title:	Non-executive director
Experience and expertise:	Sue has owned and operated the Beechworth Lake Sambell Caravan Park for 19 years. She is heavily involved in the Beechworth community with sponsoring of events and providing volunteer time.
Special responsibilities:	Company Secretary

Directors' report (continued)

Name: Lynette Clark
Title: Non-executive director (appointed 25 November 2024)
Experience and expertise: Lyn has a Diploma of Business Accounting. She is a self employed Bookkeeper/BAS agent.
Special responsibilities: Treasurer

Name: Mark Robert Roach
Title: Non-executive director (appointed 31 March 2025)
Experience and expertise: Chartered Actuary. Member of Finance Committee at Beechworth Primary School
Special responsibilities: Nil

Name: Jan Carberry
Title: Non-executive director (resigned 11 November 2024)
Experience and expertise: Financial Accountant for Brown Family Wine Group, previously Operations Manager for Private Portfolio Managers Pty Ltd. Qualifications include CPA Australia, Bachelor of Financial Administration and Graduate Certificate of Applied Finance and Investment.
Special responsibilities: Treasurer

Company secretary

The company secretary is Susan Humphris. Susan was appointed to the position of company secretary on 11 October 2010.

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 \$72,246 (30 June 2024: \$68,168).

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 9 cents per share (2023: 12 cents)	<u>67,774</u>	<u>98,748</u>

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Meetings of directors

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

Directors' report (continued)

	Board Eligible	Attended
Benjamin Merritt	11	11
Jennifer Lucas	11	9
Darren Carr	11	10
Jaclyn Hall	11	8
Susan Humphris	11	10
Lynette Clark	6	5
Mark Robert Roach	4	3
Jan Carberry	1	1

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 21 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Benjamin Merritt	5,000	-	5,000
Jennifer Lucas	10,000	-	10,000
Darren Carr	20,000	-	20,000
Jaclyn Hall	-	-	-
Susan Humphris	10,001	-	10,001
Lynette Clark	-	-	-
Mark Robert Roach	-	-	-
Jan Carberry	-	-	-

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*.

Directors' report (continued)

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 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



Benjamin Merritt
Chair

19 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 Indigo Community Development Group Limited

As lead auditor for the audit of Indigo Community Development Group 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: 19 September 2025

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor

Financial statements

Indigo Community Development Group 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	824,357	923,876
Other revenue		466	12,640
Finance revenue		14,903	18,364
Total revenue		<u>839,726</u>	<u>954,880</u>
Employee benefits expense	7	(308,636)	(418,300)
Advertising and marketing costs		(19,554)	(2,768)
Occupancy and associated costs		(17,948)	(8,925)
System costs		(27,279)	(25,990)
Depreciation and amortisation expense	7	(54,963)	(56,719)
Finance costs		(3,778)	(5,430)
General administration expenses		(69,894)	(120,601)
Total expenses before community contributions and income tax expense		<u>(502,052)</u>	<u>(638,733)</u>
Profit before community contributions and income tax expense		337,674	316,147
Charitable donations, sponsorship and grants expense	7	<u>(241,010)</u>	<u>(227,258)</u>
Profit before income tax expense		96,664	88,889
Income tax expense	8	<u>(24,418)</u>	<u>(20,721)</u>
Profit after income tax expense for the year		72,246	68,168
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>72,246</u>	<u>68,168</u>
		Cents	Cents
Basic earnings per share	25	9.59	9.05
Diluted earnings per share	25	9.59	9.05

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

Financial statements (continued)

Indigo Community Development Group Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	456,816	578,525
Trade and other receivables	10	80,350	83,364
Investments	11	291,928	200,000
Current tax assets	8	8,588	28,259
Total current assets		<u>837,682</u>	<u>890,148</u>
Non-current assets			
Property, plant and equipment	12	52,100	68,983
Right-of-use assets	13	25,166	48,432
Intangible assets	14	15,140	27,214
Deferred tax assets	8	20,645	28,043
Total non-current assets		<u>113,051</u>	<u>172,672</u>
Total assets		<u>950,733</u>	<u>1,062,820</u>
Liabilities			
Current liabilities			
Trade and other payables	15	193,691	246,458
Lease liabilities	16	39,073	39,008
Employee benefits		8,060	33,379
Total current liabilities		<u>240,824</u>	<u>318,845</u>
Non-current liabilities			
Lease liabilities	16	3,175	40,352
Employee benefits		1,245	3,605
Lease make good provision		21,864	20,865
Total non-current liabilities		<u>26,284</u>	<u>64,822</u>
Total liabilities		<u>267,108</u>	<u>383,667</u>
Net assets		<u>683,625</u>	<u>679,153</u>
Equity			
Issued capital	17	734,013	734,013
Accumulated losses		<u>(50,388)</u>	<u>(54,860)</u>
Total equity		<u>683,625</u>	<u>679,153</u>

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

Financial statements (continued)

Indigo Community Development Group Limited Statement of changes in equity For the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		802,117	(24,280)	777,837
Profit after income tax expense		-	68,168	68,168
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	68,168	68,168
<i>Transactions with owners in their capacity as owners:</i>				
Share buy-back		(68,104)	-	(68,104)
Dividends provided for or paid	19	-	(98,748)	(98,748)
Balance at 30 June 2024		<u>734,013</u>	<u>(54,860)</u>	<u>679,153</u>
Balance at 1 July 2024		734,013	(54,860)	679,153
Profit after income tax expense		-	72,246	72,246
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	72,246	72,246
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(67,774)	(67,774)
Balance at 30 June 2025		<u>734,013</u>	<u>(50,388)</u>	<u>683,625</u>

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

Financial statements (continued)

Indigo Community Development Group 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)		916,514	1,046,111
Payments to suppliers and employees (inclusive of GST)		(812,216)	(662,302)
Interest received		11,928	18,364
Income taxes paid		<u>(35,602)</u>	<u>(65,132)</u>
Net cash provided by operating activities	24	<u>80,624</u>	<u>337,041</u>
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(91,928)	213,734
Payments for property, plant and equipment		<u>(2,807)</u>	<u>(1,509)</u>
Net cash provided by/(used in) investing activities		<u>(94,735)</u>	<u>212,225</u>
Cash flows from financing activities			
Share buy-back	17	-	(68,104)
Interest and other finance costs paid		(2,779)	(4,474)
Dividends paid	19	(67,774)	(98,748)
Repayment of lease liabilities		<u>(37,045)</u>	<u>(37,602)</u>
Net cash used in financing activities		<u>(107,598)</u>	<u>(208,928)</u>
Net increase/(decrease) in cash and cash equivalents		(121,709)	340,338
Cash and cash equivalents at the beginning of the financial year		<u>578,525</u>	<u>238,187</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>456,816</u></u>	<u><u>578,525</u></u>

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

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

The financial statements cover Indigo Community Development Group 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 78 Ford Street, Beechworth VIC 3747.

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 19 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 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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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)

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

Recovery of deferred tax assets

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

Lease term

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

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

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

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

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 September 2026.

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 the 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	732,948	832,387
Fee income	33,287	39,277
Commission income	58,122	52,212
	<u>824,357</u>	<u>923,876</u>

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

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.

Margin income

Margin on the 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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

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. Expenses

Employee benefits expense

	2025	2024
	\$	\$
Wages and salaries	266,812	367,139
Superannuation contributions	32,368	37,784
Expenses related to long service leave	(2,360)	2,805
Other expenses	11,816	10,572
	<u>308,636</u>	<u>418,300</u>

Depreciation and amortisation expense

	2025	2024
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	18,241	18,240
Plant and equipment	1,449	1,667
	<u>19,690</u>	<u>19,907</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	23,199	23,382
<i>Amortisation of intangible assets</i>		
Franchise fee	2,013	2,238
Franchise renewal fee	10,061	11,192
	<u>12,074</u>	<u>13,430</u>
	<u>54,963</u>	<u>56,719</u>

Charitable donations, sponsorships and grants expense

	2025	2024
	\$	\$
Direct donation, sponsorship and grant payments	218,510	77,258
Contribution to the Community Enterprise Foundation™ (CEF)	22,500	150,000
	<u>241,010</u>	<u>227,258</u>

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

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

Notes to the financial statements (continued)

Note 7. Expenses (continued)

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

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	17,020	32,212
Movement in deferred tax	7,398	(9,766)
Under/over adjustment	-	(1,725)
Aggregate income tax expense	<u>24,418</u>	<u>20,721</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>96,664</u>	<u>88,889</u>
Tax at the statutory tax rate of 25%	24,166	22,222
Tax effect of:		
Non-deductible expenses	<u>252</u>	<u>224</u>
Under/over adjustment	<u>24,418</u>	<u>22,446</u>
Income tax expense	<u>-</u>	<u>(1,725)</u>
	<u>24,418</u>	<u>20,721</u>
	2025	2024
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	8,973	5,495
Employee benefits	2,326	9,246
Provision for lease make good	5,466	5,216
Accrued expenses	1,100	1,100
Income accruals	(1,490)	(746)
Lease liabilities	10,562	19,840
Right-of-use assets	<u>(6,292)</u>	<u>(12,108)</u>
Deferred tax asset	<u>20,645</u>	<u>28,043</u>
	2025	2024
	\$	\$
Income tax refund due	<u>8,588</u>	<u>28,259</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Notes to the financial statements (continued)

Note 8. Income tax (continued)

Accounting policy for deferred tax

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

Note 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>456,816</u>	<u>578,525</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>65,109</u>	<u>74,317</u>
Accrued income	5,961	2,986
Prepayments	<u>9,280</u>	<u>6,061</u>
	<u>15,241</u>	<u>9,047</u>
	<u>80,350</u>	<u>83,364</u>

Accounting policy for trade and other receivables

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

Note 11. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	<u>291,928</u>	<u>200,000</u>

Note 12. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	219,492	219,492
Less: Accumulated depreciation	<u>(177,103)</u>	<u>(158,862)</u>
	<u>42,389</u>	<u>60,630</u>
Plant and equipment - at cost	47,566	44,759
Less: Accumulated depreciation	<u>(37,855)</u>	<u>(36,406)</u>
	<u>9,711</u>	<u>8,353</u>
	<u>52,100</u>	<u>68,983</u>

Notes to the financial statements (continued)

Note 12. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	78,870	8,511	87,381
Additions	-	1,509	1,509
Depreciation	(18,240)	(1,667)	(19,907)
Balance at 30 June 2024	60,630	8,353	68,983
Additions	-	2,807	2,807
Depreciation	(18,241)	(1,449)	(19,690)
Balance at 30 June 2025	<u>42,389</u>	<u>9,711</u>	<u>52,100</u>

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	4 to 20 years
Plant and equipment	1 to 40 years

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

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

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

Note 13. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	170,489	170,556
Less: Accumulated depreciation	(145,323)	(122,124)
	<u>25,166</u>	<u>48,432</u>

Notes to the financial statements (continued)

Note 13. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2023	75,133
Remeasurement adjustments	(3,319)
Depreciation expense	<u>(23,382)</u>
Balance at 30 June 2024	48,432
Remeasurement adjustments	(67)
Depreciation expense	<u>(23,199)</u>
Balance at 30 June 2025	<u><u>25,166</u></u>

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2025 \$	2024 \$
Franchise fee	32,007	32,007
Less: Accumulated amortisation	<u>(29,484)</u>	<u>(27,471)</u>
	<u>2,523</u>	<u>4,536</u>
Franchise renewal fee	110,036	110,036
Less: Accumulated amortisation	<u>(97,419)</u>	<u>(87,358)</u>
	<u>12,617</u>	<u>22,678</u>
	<u><u>15,140</u></u>	<u><u>27,214</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	6,774	33,870	40,644
Amortisation expense	<u>(2,238)</u>	<u>(11,192)</u>	<u>(13,430)</u>
Balance at 30 June 2024	4,536	22,678	27,214
Amortisation expense	<u>(2,013)</u>	<u>(10,061)</u>	<u>(12,074)</u>
Balance at 30 June 2025	<u><u>2,523</u></u>	<u><u>12,617</u></u>	<u><u>15,140</u></u>

Notes to the financial statements (continued)

Note 14. Intangible assets (continued)

Accounting policy for intangible assets

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

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

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

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

<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)	September 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2026

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

Change in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 15. Trade and other payables

	2025	2024
	\$	\$
<i>Current liabilities</i>		
Trade payables	168,943	208,053
Other payables and accruals	24,748	38,405
	<u>193,691</u>	<u>246,458</u>
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	193,691	246,458
Less GST refundable from / (payable to) the ATO, included in trade and other payables	2,046	(2,744)
	<u>195,737</u>	<u>243,714</u>

Note 16. Lease liabilities

	2025	2024
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>39,073</u>	<u>39,008</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>3,175</u>	<u>40,352</u>

Notes to the financial statements (continued)

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2025 \$	2024 \$
Opening balance	79,360	116,289
Remeasurement adjustments	(67)	673
Lease interest expense	2,779	4,474
Lease payments - total cash outflow	(39,824)	(42,076)
	<u>42,248</u>	<u>79,360</u>

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options available	Reasonably certain to exercise options	Lease term end date used in calculations
Beechworth Branch	4.79 %	5 years	N/A	N/A	July 2026

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	753,047	822,897	754,793	822,897
Less: Equity raising costs	-	-	(20,780)	(20,780)
Less: Share buy-back	-	(69,850)	-	(68,104)
	<u>753,047</u>	<u>753,047</u>	<u>734,013</u>	<u>734,013</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

Notes to the financial statements (continued)

Note 17. Issued capital (continued)

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 280. As at the date of this report, the company had 297 shareholders (2024: 297 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.

Notes to the financial statements (continued)

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

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 9 cents per share (2023: 12 cents)	<u>67,774</u>	<u>98,748</u>

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	118,181	85,965
Franking credits (debits) arising from income taxes paid (refunded)	35,602	65,132
Franking debits from the payment of franked distributions	<u>(22,591)</u>	<u>(32,916)</u>
	131,192	118,181

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

Balance at the end of the financial year	131,192	118,181
Franking credits (debits) that will arise from payment (refund) of income tax	<u>(8,588)</u>	<u>9,994</u>
Franking credits available for future reporting periods	<u>122,604</u>	<u>128,175</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.

Notes to the financial statements (continued)

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)	71,070	77,303
Cash and cash equivalents (note 9)	456,816	578,525
Investments (note 11)	291,928	200,000
	<u>819,814</u>	<u>855,828</u>
Financial liabilities		
Trade and other payables (note 15)	195,737	243,714
Lease liabilities (note 16)	42,248	79,360
	<u>237,985</u>	<u>323,074</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.

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)

Note 20. Financial risk management (continued)

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest. The company held cash and cash equivalents of \$456,816 and investments of \$291,928 at 30 June 2025 (2024: \$578,525 and \$200,000).

Price risk

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

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	195,737	-	-	195,737
Lease liabilities	39,920	3,327	-	43,247
Total non-derivatives	<u>235,657</u>	<u>3,327</u>	<u>-</u>	<u>238,984</u>
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	243,714	-	-	243,714
Lease liabilities	39,855	39,955	3,330	83,140
Total non-derivatives	<u>283,569</u>	<u>39,955</u>	<u>3,330</u>	<u>326,854</u>

Note 21. Key management personnel disclosures

The following persons were directors of Indigo Community Development Group Limited during the financial year and/or up to the date of signing of these Financial Statements.

Benjamin Merritt
Jennifer Lucas
Darren Carr
Jaclyn Hall

Susan Humphris
Lynette Clark
Mark Robert Roach
Jan Carberry

Notes to the financial statements (continued)

Note 21. Key management personnel disclosures (continued)

Compensation

Key management personnel compensation comprised the following.

	2025 \$	2024 \$
Short-term employee benefits	<u>7,200</u>	<u>7,200</u>

Compensation of the company's key management personnel includes Susan Humphris' remuneration for secretarial and administrative duties.

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 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 used the bookkeeping services of one of its directors.	10,300	-
A sponsorship was provided to a local community centre where a director is a committee member.	-	5,364

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	<u>8,480</u>	<u>6,840</u>
<i>Other services</i>		
Taxation advice and tax compliance services	265	700
General advisory services	4,520	4,145
Share registry services	<u>7,042</u>	<u>6,251</u>
	<u>11,827</u>	<u>11,096</u>
	<u>20,307</u>	<u>17,936</u>

Notes to the financial statements (continued)

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	72,246	68,168
Adjustments for:		
Depreciation and amortisation	54,963	56,719
Lease liabilities interest	2,779	4,474
Change in operating assets and liabilities:		
Decrease in trade and other receivables	3,014	17,432
Decrease/(increase) in income tax refund due	(18,582)	9,995
Decrease/(increase) in deferred tax assets	7,398	(9,766)
Increase/(decrease) in trade and other payables	(14,514)	205,082
Decrease in provision for income tax	-	(44,640)
Increase/(decrease) in employee benefits	(27,679)	28,621
Increase in other provisions	999	956
Net cash provided by operating activities	<u>80,624</u>	<u>337,041</u>

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>72,246</u>	<u>68,168</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>753,047</u>	<u>753,047</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>753,047</u>	<u>753,047</u>
	Cents	Cents
Basic earnings per share	9.59	9.05
Diluted earnings per share	9.59	9.05

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Indigo Community Development Group Limited, by the weighted average number of ordinary shares outstanding during the financial year.

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

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

Directors' declaration

30 June 2025

In the directors' opinion:

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

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

On behalf of the directors



Benjamin Merritt
Chair

19 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 Indigo Community Development Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Indigo Community Development Group Limited (the company), which comprises:

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

In our opinion, the accompanying financial report of Indigo Community Development Group 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*.

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 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.

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



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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.

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.



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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 19 September 2025

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor

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 /communitybankbeechworthanddistrict

 **Bendigo Bank**