

Annual Report 2025

Inverloch & District Financial
Enterprises Limited

Community Bank
Inverloch & District

ABN 13 117 672 590



Y COMMUNITY



Community Bank - Inverloch



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Chair's report

For year ending 30 June 2025

On behalf of Inverloch and District Financial Enterprises Limited I am pleased to present our annual report for the 2024/25 financial year. It is pleasing to again report a profit in what still is a challenging financial environment. This has enabled us to increase our support to community groups, grow our balance sheet, improve the branch facilities and provide a return for our shareholders.

As we head into our 20th year of operating with a long-term franchise agreement and a long-term lease in place for our current location we look forward to continuing this long into the future.

Financial Performance

Overall, the company has had a strong financial result recording a Net Profit after Tax of \$131,755. The company's balance sheet remains strong and continues to grow with net assets growth of 4.1 % to \$1,156,157 and growth in cash and cash equivalents of 4.4 % to \$1,079,215.

Income was slightly below expectations this year reflecting the cut in interest rates throughout the year. Operating expenses were above budget by 20% (\$125,738). Pleasingly the largest increase in expenditure was in community sponsorships and grants. The branch team have continued to grow business footings during the year with overall growth of \$13.0 million to \$150.9 million which represents the highest level in the history of the Bank.

Noting the continued strong financial performance of the company, the Board has decided to pay a fully franked dividend of \$0.115.

Community Contribution

With a couple of years consolidating our financial position after COVID this year proved to be a significant milestone in returning profits back to the community. We commenced with an awareness campaign to highlight the real difference of being a Community Bank. This was followed up with a revamped and successful grants program.

As a result, we saw a 640% increase in our community sponsorship and grants when compared to 2023/24. In 2024/25 nearly \$ 106,000 was invested in grants, donations and sponsorships to a wide variety of groups.

This is what differentiates us as a Community Bank and we look forward to continuing to increase our level of support over the coming years and keep improving our grants program.

Personnel

None of the financial results or community contributions could be achieved without the significant efforts of our branch team, including Penelope Rowe and her staff. During the year we saw the departures of some of our long-standing team members and the introduction of some new team members. They all have a strong focus on the customer and the community and are constantly looking for ways to improve the experience and outcomes for them, whilst continuing to grow the business. Our focus on loans has been enhanced with the addition of a dedicated Customer Relationship Manager assisting our Branch Manager.

On behalf of all the Board I would like to sincerely thank all staff for their efforts.

I would also like to thank and acknowledge the contribution of my fellow Directors and our Executive Officer who are all volunteers, and all participate at both Board and on a number of sub-committees to ensure the success of the company.

The Community Bank Inverloch & District is now the only bank represented in Inverloch with a full banking service. It is also your bank, owned by many of you in the community and I look forward to the continued support of our customers, shareholders, and the community to enable us to retain this position.



Mark McCormack
Chair

Manager's report

For year ending 30 June 2025

This year Community Bank Inverloch & District celebrated our 19th year of trading and finished the financial year with our footings at \$150.9 million.

Our year ended with 4,215 accounts and our customers grew to 3,077 being a 4.1% increase to last year.

It was a positive and successful year for the branch with an increase in the number of loans by 3.6 % and deposits growing by 13.3 %.

I would like to acknowledge and thank our volunteer Board members/Directors for their amazing support to myself and the branch staff. The vast experience between all Directors is an asset to the branch and its success. A special mention to Gail our Executive Assistant who I appreciate everything she does to support us all.

We held our first grants and 'Connecting Community Night' in May which was another successful evening. Some of the grants were distributed to Bass Coast Boardriders, Inverloch Lions Club, Inverloch Historical Society, Tarwin Football Netball Club, Inverloch Bowling Club, Inverloch Surf Life Saving Club, State Coal Mine Rescue Station and Bass Coast Community Foundation. This brings our total community contributions since the bank opened to over \$657,000.

It is always a humbling experience being involved in giving back to the community, I would say one of the most amazing parts of my role as Branch Manager.

I would like to personally thank my dedicated staff/team for the amazing customer service they provide and their willingness to go the extra mile for our customers and community. This creates a positive reputation and helps us with our goal to be the absolute best Community Bank in our network. We said goodbye to Di for her well-deserved retirement, we welcome our new Customer Relationship Officer Koren, who is our dedicated lender and Carolyn has moved to the position of Customer Relationship Officer, with a few new faces starting in the new financial year.

Our shareholders and customers deserve accolades because they create the biggest impact on our business. Without you, there is no community investment program. Your banking is building a better community and the more we grow by attracting more business, the more we can all make a difference. Please refer all your friends, family and work colleagues to us so we can continue to grow and increase our community investment, let's get to \$1 Million of community contribution by our 20th year trading.

Remembering that the difference with the Community Bank model is that every time people bank with our community Bank, our bottom line increases and as such, community contributions and dividends increase as well.

Community Bank Inverloch & District want to be our communities bank of choice, keep spreading the word to help us be the communities first choice.



Penelope Rowe
Branch Manager

It's all about Community



Bass Coast Board Riders



Inverloch Bowling Club



Bass Coast Community Foundation



Community Grants night



Do it for Dolly Day 2025



Leongatha & District Cricket Association - female division



Tarwin Football Netball Club



Bass Coast Cycle Challenge



South Gippsland Yacht Club



Inverloch Surf Life Saving Club



Inverloch Jazz Festival



Inverloch Historical Society



Inverloch Equinox Festival

Bendigo and Adelaide Bank report

For year ending 30 June 2025

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

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

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

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

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

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

Justine Minne

Head of Community Banking, Bendigo Bank

Community Bank National Council report

For year ending 30 June 2025



A warm welcome to our existing and new shareholders. Thank you for your support and for sharing in our purpose. We're immensely proud of our Community Bank network which was a first mover in Australia in 1998 through our unique social enterprise model.

The principles of the Community Bank model are the same as they were when the first Community Bank opened its doors. The principles are centred on:

- Relationships based on goodwill, trust and respect
- Local ownership, local decision making, local investment
- Decisions which are commercially focussed and community spirited
- Shared effort reward and risk; and
- Decisions which have broad based benefits.

Today the network has grown to 303 Community Bank branches. We represent a diverse cross-section of Australia with more than 214 community enterprises, 70,000+ shareholders, 1,500+ volunteer Directors, 1,700 staff and 998,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in the success story. The CBNC consists of both elected and appointed members from every state and territory sharing and reflecting the voice of the network. It's the role of the CBNC to initiate, lead and respond to strategic issues and opportunities that enhance the sustainability, resilience and prospects of the Community Bank model.

We utilise a range of forums to ensure the ongoing success of the network. Our State Connect events have been one of many network engagement activities that have enabled Bendigo Bank execs, staff, the CBNC and Directors to come together to share ideas, insights and ensure we are collaborating better together.

As consumer behaviours shift, and the environment in which we operate challenges the status quo, we embrace the opportunities that come with this new reality. We've already completed the mandatory changes to the Franchise Agreement with Bendigo Bank which were required by 1 April 2025.

The mandatory changes of the Franchise Agreement were in response to the Franchise Code of Conduct Review along with requirements from other external statutory and government bodies. This process which was led by Council in partnership with the Bank, was necessary to ensure our long-term sustainability. Council also sought legal advice on behalf of the network to ensure the changes were fair.

We also recognise the time is now to consider our model and how we combine the value of local presence with new digital capabilities that expand rather than diminish our community impact. This work forms part of the Model Evolution process which will be co-designed with Bendigo Bank and implemented over the next 12 months. Building further on our enhanced digital presence, community roots and measurable impact, we've reached another major milestone. We now have 41 Community Bank companies formerly certified as social enterprises through Social Traders. It's a powerful endorsement of our commitment to delivering both commercial and social outcomes.

This recognition through Social Traders opens new opportunities for our network. It's paved the way for new partnerships with other enterprises in the sector that share our values and mission to build a better, stronger Australia.

Our increased engagement with the broader social enterprise sector has not only enabled us to diversify our partnerships; we've also deepened our impact. Over \$416 million and counting – that's how much has been reinvested back into local communities.

As we look to the future, we remain committed to the founding principles of the Community Bank model. Community is at the centre of everything we do, and our purpose remains clear: to create meaningful, lasting value for the communities we serve.

Community Bank National Council

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:	Mark Gerard McCormack
Title:	Non-executive director
Experience and expertise:	Bachelor of Civil Engineering, Chartered Professional Engineer (CPEng), Engineer of Water Supply, Graduate Australian Institute of Company Directors. Over 30 years of experience in engineering and management roles in State Rivers and Water Supply, Mornington Peninsula WaterBoard and Melbourne Water. Various senior executive roles in South East Water. Life member of Forest Hill Cricket Club. Previous positions, committee and association roles in Little Athletics and local football clubs.
Special responsibilities:	Board Chair, member of the Finance & Risk and Business Development, Marketing & Sponsorship and People Committees
Name:	Tristan Andrew Creed
Title:	Non-executive director
Experience and expertise:	Chartered Accountant & Tax Agent. Director of Feathertop Pty Ltd. Director of Imporex Pty Ltd. Previously a director of Biathlon Australia Ltd. Bachelor of Business (Accountancy). Graduate Diploma (CA).
Special responsibilities:	Treasurer, Finance & Risk
Name:	Susan Joy Ruffin
Title:	Non-executive director
Experience and expertise:	Susan is a Legal Practitioner. BA (Honours) LLB.
Special responsibilities:	Finance & Risk Committee
Name:	Kerralie Joy Shaw
Title:	Non-executive director
Experience and expertise:	Bachelor of Arts, Graduate Diploma Market Modelling, Graduate Australian Institute of Company Directors. Kerralie has over 25 years experience consulting to large corporations about customer experience (CX) and marketing strategy. Expertise in consumer buyer behaviour in B2C. Held senior positions client and agency side. Full member The Research Society. Active member Inverloch Lifesaving Club.
Special responsibilities:	Company Secretary, Board Deputy Chair and Finance & Risk Committee
Name:	Robert Noel Murphy
Title:	Non-executive director
Experience and expertise:	Bachelor of Engineering (Civil), Post-graduate Diploma (Construction Law and Contract Administration), Masters of Business Administration, Graduate of Australian Institute of Company Directors, Member Engineers Australia, Chartered Professional Engineer, Board member Institute of Water Administrators, Managing Director of South Gippsland Water, previous role as Acting Managing Director Western Water, previous role as committee member and treasurer of junior netball club.
Special responsibilities:	Chair of Finance and Risk Committee

Directors' report (continued)

Name:	Louise Martin-Litchfield
Title:	Non-executive director
Experience and expertise:	Louise is a former communication director of Victoria's Department of Premier and Cabinet - the most senior position in communications in the Victorian Public Service. A former journalist, newspaper editor and corporate consultant, she has more than 30 years' experience in communication. Louise has a Bachelor of Arts Degree majoring in Politics and English and has a master's in politics. Louise is a qualified Company Director and is currently a civil celebrant and communication consultant by profession. Louise was also responsible for the protocol and management of the Victorian Government's official events such as Royal visits, State Funerals, ANZAC Day, Australia Day and other events of State significance. Louise has been on the following Boards: Victorian Fire and Emergency Communication Committee (chair), Order of Australia Council (Victorian Deputy representative), Australia Day Committee (deputy chair), Member of the Australian Bravery Council, Member of the Victorian Law Foundation. Louise is currently a member of the Community Broadcasting Foundation Reconciliation Action Plan Group.
Special responsibilities:	Chair of the Business Development, Marketing & Sponsorship Committee
Name:	Nanette Gibson
Title:	Non-executive director
Experience and expertise:	Nanette is a licenced Real Estate Agent and was the Founder of the first property portal Property.com.au. Her career has been in Education, Commercial Real Estate, Property Development, Property Syndication, Property subdivision, Farming and Rural Agriculture and online businesses. Nanette is a director of Gibson family companies that invest in and operate farming and real estate investments. Qualification include BScEd Melbourne University and AICD.
Special responsibilities:	Finance & Risk Committee
Name:	Kerrie Ann Giles
Title:	Non-executive director
Experience and expertise:	Retired Real Estate Agent. Formerly Small Business Co-ordinator Melbourne Chamber of Commerce, Manager Leongatha Stadium 4 Cinema. Life Member Leongatha Lyric Theatre, Committee Member Wonthaggi Theatrical Group, Chair Body Corporate Committee 100 Millswyn Street, South Yarra.
Special responsibilities:	Business Development, Marketing & Sponsorship Committee

Company secretary

There have been two company secretaries holding the position during the financial year:

- Kerralie Shaw was appointed company secretary on 26 November 2024.
- Mark Gerard McCormack was appointed company secretary on 5 December 2018 and ceased on 26 November 2024.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Review of operations

The profit for the company after providing for income tax amounted to \$131,755 (30 June 2024: \$272,887).

Operations have continued to perform in line with expectations.

Directors' report (continued)

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 11.5 cents per share (2024: 9 cents)	86,251	67,501

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

	Board		Finance & Risk Committee		Business Development, Marketing & Sponsorship Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended
Mark Gerard McCormack	11	10	5	4	12	10
Tristan Andrew Creed	11	9	5	5	-	-
Susan Joy Ruffin	11	8	5	3	-	-
Kerralie Joy Shaw	11	8	2	1	5	4
Robert Noel Murphy	11	10	5	5	-	-
Louise Martin-Litchfield	11	10	-	-	12	12
Nanette Gibson	11	11	2	1	-	-
Kerrie Ann Giles	11	7	-	-	6	2

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 24 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
Mark Gerard McCormack	-	-	-
Tristan Andrew Creed	19,000	-	19,000
Susan Joy Ruffin	-	-	-
Kerralie Joy Shaw	-	-	-
Robert Noel Murphy	-	-	-
Louise Martin-Litchfield	-	-	-
Nanette Gibson	-	-	-
Kerrie Ann Giles	-	-	-

Directors' report (continued)

Shares under option

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

Shares issued on the exercise of options

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

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 25 to the accounts.

The board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of the non-audit services is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Kerralie Joy Shaw
Deputy Chair

26 August 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 Inverloch & District Financial Enterprises Limited

As lead auditor for the audit of Inverloch & District Financial Enterprises 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: 26 August 2025

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

Adrian Downing
Lead Auditor

Financial statements

Inverloch & District Financial Enterprises 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	883,590	922,715
Finance revenue	7	49,318	35,566
Total revenue		<u>932,908</u>	<u>958,281</u>
Employee benefits expense	8	(404,905)	(357,039)
Advertising and marketing costs		(18,820)	(12,187)
Occupancy and associated costs		(22,657)	(21,588)
System costs		(19,539)	(19,759)
Depreciation and amortisation expense	8	(78,433)	(67,356)
Loss on disposal of assets		(469)	(1,820)
Finance costs		(1,936)	(3,289)
General administration expenses		(104,159)	(97,983)
Total expenses before community contributions and income tax		<u>(650,918)</u>	<u>(581,021)</u>
Profit before community contributions and income tax expense		281,990	377,260
Charitable donations and sponsorships expense		<u>(105,881)</u>	<u>(14,300)</u>
Profit before income tax expense		176,109	362,960
Income tax expense	9	<u>(44,354)</u>	<u>(90,073)</u>
Profit after income tax expense for the year		131,755	272,887
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>131,755</u></u>	<u><u>272,887</u></u>
		Cents	Cents
Basic earnings per share	27	17.57	36.38
Diluted earnings per share	27	17.57	36.38

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

Financial statements (continued)

Inverloch & District Financial Enterprises Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	10	79,215	34,241
Trade and other receivables	11	82,194	95,373
Investments	12	1,000,000	1,000,000
Total current assets		<u>1,161,409</u>	<u>1,129,614</u>
Non-current assets			
Property, plant and equipment	13	43,921	49,864
Right-of-use assets	14	38,416	69,252
Intangible assets	15	9,360	22,024
Total non-current assets		<u>91,697</u>	<u>141,140</u>
Total assets		<u>1,253,106</u>	<u>1,270,754</u>
Liabilities			
Current liabilities			
Trade and other payables	16	39,180	47,490
Lease liabilities	17	35,791	45,305
Current tax liabilities	9	8,119	29,980
Employee benefits	18	7,236	-
Total current liabilities		<u>90,326</u>	<u>122,775</u>
Non-current liabilities			
Lease liabilities	17	-	29,339
Deferred tax liabilities	9	6,518	7,784
Employee benefits	18	105	203
Total non-current liabilities		<u>6,623</u>	<u>37,326</u>
Total liabilities		<u>96,949</u>	<u>160,101</u>
Net assets		<u>1,156,157</u>	<u>1,110,653</u>
Equity			
Issued capital	19	729,547	729,547
Retained earnings		<u>426,610</u>	<u>381,106</u>
Total equity		<u>1,156,157</u>	<u>1,110,653</u>

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

Financial statements (continued)

Inverloch & District Financial Enterprises 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		729,547	175,720	905,267
Profit after income tax expense		-	272,887	272,887
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	272,887	272,887
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(67,501)	(67,501)
Balance at 30 June 2024		<u>729,547</u>	<u>381,106</u>	<u>1,110,653</u>
 Balance at 1 July 2024		 729,547	 381,106	 1,110,653
Profit after income tax expense		-	131,755	131,755
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	131,755	131,755
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(86,251)	(86,251)
Balance at 30 June 2025		<u>729,547</u>	<u>426,610</u>	<u>1,156,157</u>

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

Financial statements (continued)

Inverloch & District Financial Enterprises 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)		981,492	1,002,723
Payments to suppliers and employees (inclusive of GST)		(750,738)	(585,737)
Interest received		51,138	22,819
Income taxes paid		(67,480)	(152,539)
Net cash provided by operating activities	26	214,412	287,266
Cash flows from investing activities			
Investment in term deposits		-	(500,000)
Payments for property, plant and equipment		(8,274)	(20,505)
Payments for intangible assets		(12,939)	(12,939)
Net cash used in investing activities		(21,213)	(533,444)
Cash flows from financing activities			
Interest and other finance costs paid		(1,936)	(3,289)
Dividends paid	21	(86,251)	(67,501)
Repayment of lease liabilities		(60,038)	(42,745)
Net cash used in financing activities		(148,225)	(113,535)
Net increase/(decrease) in cash and cash equivalents		44,974	(359,713)
Cash and cash equivalents at the beginning of the financial year		34,241	393,954
Cash and cash equivalents at the end of the financial year	10	79,215	34,241

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 Inverloch & District Financial Enterprises 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 16C Williams Street, Inverloch VIC.

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 26 August 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, incurrence 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)

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date.

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

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

Note 5. Economic dependency

The company is economically dependent on its franchise agreement with Bendigo Bank to generate revenue. The current agreement is set to expire within 12 months from the date of this financial report, in March 2026. The directors are in ongoing negotiations with Bendigo Bank regarding the renewal of the franchise agreement; however, no formal agreement or letter of support has been obtained as at the date of this report.

As a result, there is material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Notwithstanding this uncertainty, the financial report has been prepared on a going concern basis, as the directors have a reasonable expectation that a new agreement will be entered into on mutually acceptable terms and conditions before the expiration of the current franchise agreement.

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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	780,621	821,388
Fee income	43,910	42,312
Commission income	59,059	59,015
	<u>883,590</u>	<u>922,715</u>

Accounting policy for revenue from contracts with customers

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

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

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

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

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

Revenue calculation

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

Margin

Margin on core banking products is arrived at through the following calculation:

plus:	Interest paid by customers on loans less interest paid to customers on deposits
minus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
	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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Finance revenue

	2025 \$	2024 \$
Interest income	49,318	35,566

Finance income is recognised when earned using the effective interest rate method.

Note 8. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	334,346	295,420
Superannuation contributions	39,163	33,200
Expenses related to long service leave	3,251	2,649
Other expenses	28,145	25,770
	404,905	357,039

Accounting policy for employee benefits

The company seconded employees from Bendigo and Adelaide Bank Limited. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo and Adelaide Bank Limited by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	7,649	7,383
Plant and equipment	6,099	5,623
	<u>13,748</u>	<u>13,006</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>52,021</u>	<u>41,688</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,111	2,110
Franchise renewal process fee	10,553	10,552
	<u>12,664</u>	<u>12,662</u>
	<u>78,433</u>	<u>67,356</u>

Leases recognition exemption

	2025 \$	2024 \$
Expenses relating to low-value leases	<u>6,937</u>	<u>6,692</u>

The company has elected not to recognise right-of-use assets and lease liabilities for leases of short-term leases and low-value assets. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under *AASB 16 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

Charitable donations, sponsorships and grants

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	55,881	14,300
Contribution to the Community Enterprise Foundation™	50,000	-
	<u>105,881</u>	<u>14,300</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 are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

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

Notes to the financial statements (continued)

Note 9. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	45,620	89,980
Movement in deferred tax	(1,266)	1,249
Under/over adjustment	-	(1,156)
Aggregate income tax expense	<u>44,354</u>	<u>90,073</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>176,109</u>	<u>362,960</u>
Tax at the statutory tax rate of 25%	44,027	90,740
Tax effect of:		
Non-deductible expenses	<u>327</u>	<u>489</u>
Under/over adjustment	<u>-</u>	<u>(1,156)</u>
Income tax expense	<u>44,354</u>	<u>90,073</u>
	2025 \$	2024 \$
<i>Deferred tax attributable to:</i>		
expense accruals	871	1,103
employee provisions	1,937	(64)
lease liabilities	8,948	18,661
income accruals	(6,485)	(6,940)
property, plant and equipment	(2,185)	(3,231)
right-of-use assets	<u>(9,604)</u>	<u>(17,313)</u>
Deferred tax liability	<u>(6,518)</u>	<u>(7,784)</u>
	2025 \$	2024 \$
Provision for income tax	<u>8,119</u>	<u>29,980</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Notes to the financial statements (continued)

Note 10. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>79,215</u>	<u>34,241</u>

Note 11. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>50,837</u>	<u>60,380</u>
Other receivables	-	458
Accrued income	25,941	27,761
Prepayments	<u>5,416</u>	<u>6,774</u>
	<u>31,357</u>	<u>34,993</u>
	<u>82,194</u>	<u>95,373</u>

Accounting policy for trade and other receivables

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

Note 12. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	<u>1,000,000</u>	<u>1,000,000</u>

Note 13. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	119,048	119,048
Less: Accumulated depreciation	<u>(98,024)</u>	<u>(90,375)</u>
	<u>21,024</u>	<u>28,673</u>
Plant and equipment - at cost	74,698	76,631
Less: Accumulated depreciation	<u>(51,801)</u>	<u>(55,440)</u>
	<u>22,897</u>	<u>21,191</u>
	<u>43,921</u>	<u>49,864</u>

Notes to the financial statements (continued)

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	21,591	22,594	44,185
Additions	16,285	4,220	20,505
Disposals	(1,820)	-	(1,820)
Depreciation	(7,383)	(5,623)	(13,006)
Balance at 30 June 2024	28,673	21,191	49,864
Additions	-	8,274	8,274
Disposals	-	(469)	(469)
Depreciation	(7,649)	(6,099)	(13,748)
Balance at 30 June 2025	<u>21,024</u>	<u>22,897</u>	<u>43,921</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 diminishing value and 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	6 to 40 years
Plant and equipment	1 to 20 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 14. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	285,402	264,217
Less: Accumulated depreciation	<u>(246,986)</u>	<u>(194,965)</u>
	<u>38,416</u>	<u>69,252</u>

Notes to the financial statements (continued)

Note 14. 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	111,897
Remeasurement adjustments	(957)
Depreciation expense	(41,688)
Balance at 30 June 2024	69,252
Additions	21,185
Depreciation expense	(52,021)
Balance at 30 June 2025	38,416

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2025 \$	2024 \$
Franchise fee	43,421	43,421
Less: Accumulated amortisation	(41,861)	(39,750)
	1,560	3,671
Franchise renewal fee	167,105	167,105
Less: Accumulated amortisation	(159,305)	(148,752)
	7,800	18,353
	9,360	22,024

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	5,781	28,905	34,686
Amortisation expense	(2,110)	(10,552)	(12,662)
Balance at 30 June 2024	3,671	18,353	22,024
Amortisation expense	(2,111)	(10,553)	(12,664)
Balance at 30 June 2025	1,560	7,800	9,360

Notes to the financial statements (continued)

Note 15. 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)	March 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 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 16. Trade and other payables

	2025	2024
	\$	\$
<i>Current liabilities</i>		
Trade payables	6,508	14,169
Other payables and accruals	32,672	33,321
	<u>39,180</u>	<u>47,490</u>
	2025	2024
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	39,180	47,490
less other payables and accruals (net GST payable to the ATO)	(6,554)	(14,191)
	<u>32,626</u>	<u>33,299</u>

Note 17. Lease liabilities

	2025	2024
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	35,791	45,305
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	-	29,339

Notes to the financial statements (continued)

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2025 \$	2024 \$
Opening balance	74,644	112,513
Remeasurement adjustments	21,185	4,876
Lease interest expense	1,936	3,289
Lease payments - total cash outflow	(61,974)	(46,034)
	<u>35,791</u>	<u>74,644</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
Inverloch branch	3.54%	5 years	1 x 5 years	No	February 2026

Note 18. Employee benefits

	2025 \$	2024 \$
<i>Current liabilities</i>		
Annual leave	<u>7,236</u>	<u>-</u>
<i>Non-current liabilities</i>		
Long service leave	<u>105</u>	<u>203</u>

Accounting policy for short-term employee benefits

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

Accounting policy for other long-term employee benefits

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

Notes to the financial statements (continued)

Note 18. Employee benefits (continued)

Other long-term employee benefits

The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

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

Note 19. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	750,010	750,010	750,010	750,010
Less: Equity raising costs	-	-	(20,463)	(20,463)
	<u>750,010</u>	<u>750,010</u>	<u>729,547</u>	<u>729,547</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

Notes to the financial statements (continued)

Note 19. Issued capital (continued)

- 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 187. As at the date of this report, the company had 198 shareholders (2024: 197 shareholders).

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

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

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

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

Note 20. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive Income.

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

Note 21. Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 11.5 cents per share (2024: 9 cents)	86,251	67,501

Notes to the financial statements (continued)

Note 21. Dividends (continued)

Accounting policy for dividends

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

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	130,039	-
Franking credits (debits) arising from income taxes paid (refunded)	67,480	152,539
Franking debits from the payment of franked distributions	(28,750)	(22,500)
	<u>168,769</u>	<u>130,039</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	168,769	130,039
Franking credits (debits) that will arise from payment (refund) of income tax	8,119	29,980
Franking credits available for future reporting periods	<u>176,888</u>	<u>160,019</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%.

Note 22. Financial risk management

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

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

The directors have identified that the only significant financial risk exposures of the company are liquidity and market (price) risk. Other financial risks are not significant to the company due to the following factors:

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

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

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables (note 11)	76,778	88,141
Cash and cash equivalents (note 10)	79,215	34,241
Investments (note 12)	<u>1,000,000</u>	<u>1,000,000</u>
	<u>1,155,993</u>	<u>1,122,382</u>
Financial liabilities at amortised cost		
Trade and other payables (note 16)	32,626	33,299
Lease liabilities (note 17)	<u>35,791</u>	<u>74,644</u>
	<u>68,417</u>	<u>107,943</u>

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

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.

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 subject to movements in market interest rates. The company held cash and cash equivalents of \$79,215 and term deposits of \$1,000,000 at 30 June 2025 (2024: \$34,241 and \$1,000,000).

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.

Notes to the financial statements (continued)

Note 22. Financial risk management (continued)

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				
Non-derivatives				
Trade and other payables	32,626	-	-	32,626
Lease liabilities	36,159	-	-	36,159
Total non-derivatives	68,785	-	-	68,785
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Non-derivatives				
Trade and other payables	33,299	-	-	33,299
Lease liabilities	46,034	30,690	-	76,724
Total non-derivatives	79,333	30,690	-	110,023

Note 23. Key management personnel disclosures

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

Mark Gerard McCormack
Tristan Andrew Creed
Susan Joy Ruffin
Kerralie Joy Shaw

Robert Noel Murphy
Louise Martin-Litchfield
Nanette Gibson
Kerrie Ann Giles

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

Note 24. Related party transactions

Key management personnel

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

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Notes to the financial statements (continued)

Note 24. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
Tristan Andrew Creed received remuneration for accounting services carried out by Feathertop Business Services. The total benefit received was:	21,000	15,678
Mt Hotham Racing Squad Inc received a sponsorship for a Defibrillator Unit. A director is a related party.	-	1,795
ISLCS received a sponsorship, where a director's family member is on the board. The total benefit received was:	7,000	-

Note 25. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,930	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	265	250
General advisory services	3,840	3,870
Share registry services	6,918	5,339
	11,023	9,459
	18,953	16,109

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

	2025 \$	2024 \$
Profit after income tax expense for the year	131,755	272,887
Adjustments for:		
Depreciation and amortisation	78,433	67,356
Net loss on disposal of non-current assets	469	1,820
Lease liabilities interest	1,936	3,289
Change in operating assets and liabilities:		
Decrease in trade and other receivables	13,179	5,247
Increase in trade and other payables	4,629	4,194
Decrease in provision for income tax	(21,861)	(63,715)
Increase/(decrease) in deferred tax liabilities	(1,266)	1,249
Increase/(decrease) in employee benefits	7,138	(5,061)
Net cash provided by operating activities	214,412	287,266

Notes to the financial statements (continued)

Note 27. Earnings per share

	2025 \$	2024 \$
Profit after income tax	131,755	272,887
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	750,010	750,010
Weighted average number of ordinary shares used in calculating diluted earnings per share	750,010	750,010
	Cents	Cents
Basic earnings per share	17.57	36.38
Diluted earnings per share	17.57	36.38

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Inverloch & District Financial Enterprises Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 28. Commitments

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

Note 29. Contingencies

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

Note 30. Events after the reporting period

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

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



Kerralie Shaw
Deputy Chair

26 August 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 Inverloch & District Financial Enterprises Limited

Report on the audit of the financial report

Our opinion

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

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

What we have audited

We have audited the financial report of Inverloch & District Financial Enterprises 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.

Emphasis of Matter

We draw attention to note 5 in the financial report, which indicates that the company is economically dependent on its franchise agreement with Bendigo Bank, which is set to expire within 12 months from the date of this report. As stated in note 5, while the directors have a reasonable expectation that a new franchise agreement will be entered into on mutually acceptable terms and conditions, no formal agreement or letter of support has been obtained as at the date of this report. These events or conditions indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.



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

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.

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.



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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 August 2025

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

Adrian Downing
Lead Auditor

Community Bank · Inverloch & District
16C Williams Street, Inverloch VIC 3996
Phone: 03 5674 2800 Fax: 03 5674 3077
Email: inverlochmailbox@bendigoadelaide.com.au
Web: bendigobank.com.au/inverloch

Franchisee: Inverloch & District Financial Enterprises Limited
ABN: 13 117 672 590
16C Williams Street, Inverloch VIC 3996
Phone: 03 5674 2800 Fax: 03 5674 3077



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