

Annual Report 2025

Kingsway Community
Financial Services Limited

Community Bank
Kingsway

ABN 48 104 124 638



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Chairperson's report

For year ending 30 June 2025

The 2024/25 financial year saw significant changes and progress at Community Bank Kingsway. We faced staff movements which caused some challenges during the year, but I would like to extend my thanks to our dedicated team for their resilience and hard work.

We have seen some great growth within the branch: -

Lending growth for the year – \$7,424,383

Deposit growth for the year – \$17,668,327

We have had a steady customer growth with a 23.81% increase. Total book growth was \$25,154,307 to a target of \$10,360,000. The staff have also been very active in the community

In terms of financial performance, we exceeded last year's income by over \$180,000 making our income just over \$1.2 million. Net profit reached \$190,000, it was down from last year, but we have invested heavily in the local community through grants and sponsorship. A dividend was paid to shareholders for the 2024/25 financial year with a 1% increase, and we remain focused on maintaining this momentum.

We continue to invest in our community, with sponsorships and donations during the year amounting to \$102,314. This includes support for local initiatives and organisations such as the Wanneroo Agricultural Society, Joondalup and Wanneroo Christmas Day Lunches, Landsdale Farm, Not for Profits helping the homeless and local community and sporting clubs.

We have allocated funds to our ongoing Pitch Night event, held during our 21st Birthday Celebrations during the month of August 2025. The event saw 12 deserving local groups and associations being awarded \$60,000. These funds will support a range of important causes, including wellness initiatives, upgrades to sporting club facilities and equipment, and assistance for those in need, such as individuals experiencing homelessness.

The Board has been proactive in engaging with local networks to strengthen business development and drive future growth, while also meeting high standards of corporate governance, performance and compliance. We also continue to work closely with Bendigo Bank and look forward to a bright future as we look to what that might hold for the bank and the community. I thank the Board for their unwavering support throughout the year.

None of this would be possible without the loyalty and support of our customers and shareholders. By choosing to bank with Community Bank Kingsway, you're choosing to support your community and together, we are helping our community thrive.

Looking ahead, we are optimistic about continuing growth under the invaluable staff and the Board's strategic guidance.

I wish everyone a Merry Christmas and a Happy New Year.



Beverley Errington
Chairperson

Bendigo and Adelaide Bank report

For year ending 30 June 2025

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

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

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

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

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

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

Justine Minne

Head of Community Banking, Bendigo Bank

Directors' report

30 June 2025

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

Directors

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

Name:	Beverley Jane Errington
Title:	Non-executive director
Experience and expertise:	Executive Officer. Beverley has served on the board for 17 years, the last 12 of those as Chairperson. She remains actively involved with the staff and running of the branch. Beverley is also involved with other clubs and organisations in our community such as the Wanneroo Agricultural Society as Treasurer and the Wanneroo Basketball Association as Treasurer.
Special responsibilities:	Secretary
Name:	Shannon Maree Crowe
Title:	Non-executive director
Experience and expertise:	Economic Development Officer. Shannon is a versatile and motivated professional with more than 16 years' experience in economic development, strategic projects, business development, marketing, and event management. She brings a proven ability to deliver strategic initiatives, foster strong stakeholder relationships, manage budgets effectively, and conduct insightful market analysis. Shannon is passionate about supporting local businesses and driving capacity-building efforts across the community. Currently serving as an Economic Development Officer within the Advocacy and Economic Development team at the City of Wanneroo, she holds a Bachelor of Business with a double major in Marketing and Information Systems.
Special responsibilities:	Sponsorship Committee and Deputy Chairperson
Name:	Steven Anthony Windsor
Title:	Non-executive director
Experience and expertise:	Steven is a Director at Business Advisory Services HLB Mann Judd and is a Fellow Member of the Association of Chartered Certified Accountants (ACCA) and the Association of Accounting Technicians (AAT). He passionately believes that business advisory services must always start with coaching and mentoring the business owners to ensure they have the right mindset and motivation to run a successful and growing business and will hold themselves accountable for achieving their business and personal dreams and goals. Following an 8 year career in the UK Inland Revenue, Steven moved into International Corporate Services in the Isle of Man for over 12 years before moving to Australia. International Corporate Services includes company and trust formations, corporate director and secretarial services, finance and banking, accounting and tax and business advisory services to international based clients. Steven is a Board Member and Past President of the Wanneroo Business Association and currently holds a directorship with PTSD Research Foundation Western Australia Ltd. He is also a Board Member (Treasurer) of Paws for Wildlife Inc.
Special responsibilities:	Treasurer
Name:	Jordan Luke Wright
Title:	Non-executive director
Experience and expertise:	A dedicated community leader, Jordan's experience spans both local government and the not-for-profit sector. His roles as a Councillor for the City of Wanneroo and the Mindarie Regional Council provide him with invaluable local insights. This deep community connection is complemented by robust governance credentials, including a Bachelor of Commerce and qualifications from the Company Directors Course, ensuring our bank is guided by a director with a genuine commitment to our community's prosperity.
Special responsibilities:	Nil

Directors' report (continued)

Name: Nayna Raniga
Title: Non-executive director
Experience and expertise: Nayna has over 25 years' experience in financial audits and advisory services in both the public and private sector. She is a strong advocate of governance and transparency and is committed to contributing to her local community. Her passion and dedication to working with teams to help improve community outcomes through strong performance is well aligned to the values of the board and the objectives of the community bank. Nayna is recognised within the WA public sector for implementing strategic initiatives, stakeholder engagement, collaborative leadership and developing teams. She is a fellow member of the Institute of Chartered Accountants Australia and New Zealand (CAANZ) and a graduate of the Australian Institute of Company Directors.
Special responsibilities: Nil

Name: Melanie Elizabeth Kelsall
Title: Non-executive director (*appointed 24 June 2025*)
Experience and expertise: Melanie is the Founder and Director of UNITAHR Your Partners in HR. She is a consultant for Social Impact Hub Sydney and has been the HR Manager for 25 years plus for Virgin Australia, QANTAS and Avivo.
Special responsibilities: Nil

Name: Shaun Peter Lawson
Title: Non-executive director (*resigned 24 June 2025*)
Experience and expertise: Commercial bank manager over 20 year banking career. Self employed commercial finance broker. Current practice manager of family law firm. Current board member and treasurer of the Wanneroo Business Association.
Special responsibilities: Nil

Name: Kate Ann Major
Title: Non-executive director (*resigned 26 November 2024*)
Experience and expertise: Kate is a lawyer at Mills Oakley working in the family law area, having been admitted to practice law in 2014. She has diverse work experience in both the legal industry and commercial sector. Kate holds a Bachelor of Law and Bachelor of Commerce, majoring in marketing and management, from the University of Western Australia and a Graduate Diploma of Legal Practice from the College of Law. She is passionate about giving back to the local community having held various volunteer positions since 2016 and undertaking pro bono work. Kate is currently a director of the PTSD Research Foundation Western Australia Ltd.
Special responsibilities: Nil

Name: Dannyshan (Dan) Ramsawmy
Title: Non-executive director (*resigned 26 November 2024*)
Experience and expertise: 27 years of experience in all aspects of finance, HR, management and business consulting as well as advisory and business coaching. Tertiary qualified with a Bachelor degree in Banking and Finance, Postgraduate in Economics and Finance and Masters (MBA in Human Resources Management specialisation stream). Dan is also an Industrial Agent for the State of WA and a registered member and certified of the Australian Human Resource Institute.
Special responsibilities: Nil

Company secretary

The company secretary is Beverley Jane Errington. Beverley was appointed to the position of company secretary on 27 November 2019.

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.

Directors' report (continued)

Review of operations

The profit for the company after providing for income tax amounted to \$190,732 (2024: \$211,843).

Operations have continued to perform in line with expectations.

Dividends

The following dividends were declared for during the reporting period which are provided for at balance date as they are yet to be paid to shareholders, as presented in the Statement of changes in equity.

	2025 \$	2024 \$
Fully franked dividend of 4 cents per share (2024: 3 cents)	31,000	23,250

The following dividends were declared to shareholders in the previous reporting period and have been paid to shareholders during the current reporting period as presented in the Statement of cash flows.

	2025 \$	2024 \$
Fully franked dividend of 3 cents per share (2024: 3 cents)	23,250	23,250

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:

	Board	
	Eligible	Attended
Beverley Jane Errington	11	11
Shannon Maree Crowe	11	10
Steven Anthony Windsor	11	10
Jordan Luke Wright	11	9
Nayna Raniga	11	10
Melanie Elizabeth Kelsall	1	1
Shaun Peter Lawson	11	-
Kate Ann Major	4	3
Dannyshan (Dan) Ramsawmy	4	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 and note 23 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

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
Beverley Jane Errington	3,000	-	3,000
Shannon Maree Crowe	-	-	-
Steven Anthony Windsor	2,000	-	2,000
Jordan Luke Wright	-	-	-
Nayna Raniga	-	-	-
Melanie Elizabeth Kelsall	-	-	-
Shaun Peter Lawson	-	-	-
Kate Ann Major	-	-	-
Dannyshan (Dan) Ramsawmy	-	-	-

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 23 to the accounts.

Directors' report (continued)

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:

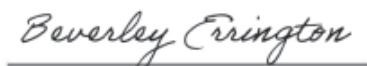
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional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


Beverley Jane Errington
Chair

22 September 2025

Auditor's independence declaration



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

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

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 September 2025

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

Financial statements

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

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	1,218,106	1,036,893
Other revenue		1,449	4,579
Finance revenue		20,140	10,590
Total revenue		<u>1,239,695</u>	<u>1,052,062</u>
Employee benefits expense	7	(529,204)	(469,609)
Advertising and marketing costs		(5,171)	(7)
Occupancy and associated costs		(45,787)	(42,095)
System costs		(32,626)	(29,346)
Depreciation and amortisation expense	7	(152,297)	(132,053)
Finance costs		(41,816)	(4,205)
General administration expenses		(76,170)	(72,637)
Total expenses before community contributions and income tax		<u>(883,071)</u>	<u>(749,952)</u>
Profit before community contributions and income tax expense		356,624	302,110
Charitable donations and sponsorships expense		<u>(102,314)</u>	<u>(21,573)</u>
Profit before income tax expense		254,310	280,537
Income tax expense	8	<u>(63,578)</u>	<u>(68,694)</u>
Profit after income tax expense for the year		190,732	211,843
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>190,732</u></u>	<u><u>211,843</u></u>
		Cents	Cents
Basic earnings per share	25	24.61	27.33
Diluted earnings per share	25	24.61	27.33

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

Financial statements (continued)

Kingsway Community Financial Services Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	587,708	389,619
Trade and other receivables	10	108,945	106,505
Investments	11	377,133	361,473
Total current assets		<u>1,073,786</u>	<u>857,597</u>
Non-current assets			
Property, plant and equipment	12	49,758	53,172
Right-of-use assets	13	501,553	621,913
Intangibles	14	57,750	70,823
Deferred tax assets	8	47,778	46,467
Total non-current assets		<u>656,839</u>	<u>792,375</u>
Total assets		<u>1,730,625</u>	<u>1,649,972</u>
Liabilities			
Current liabilities			
Trade and other payables	15	121,220	86,907
Lease liabilities	16	135,332	130,992
Current tax liabilities	8	8,631	3,679
Employee benefits		31,628	45,725
Total current liabilities		<u>296,811</u>	<u>267,303</u>
Non-current liabilities			
Trade and other payables	15	46,671	62,229
Lease liabilities	16	397,264	495,438
Employee benefits		6,935	1,883
Provisions		1,332	1,239
Total non-current liabilities		<u>452,202</u>	<u>560,789</u>
Total liabilities		<u>749,013</u>	<u>828,092</u>
Net assets		<u>981,612</u>	<u>821,880</u>
Equity			
Issued capital	17	775,009	775,009
Retained earnings		<u>206,603</u>	<u>46,871</u>
Total equity		<u>981,612</u>	<u>821,880</u>

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

Financial statements (continued)

Kingsway Community Financial Services 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		775,009	(141,722)	633,287
Profit after income tax expense		-	211,843	211,843
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	211,843	211,843
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(23,250)	(23,250)
Balance at 30 June 2024		<u>775,009</u>	<u>46,871</u>	<u>821,880</u>
 Balance at 1 July 2024		 775,009	 46,871	 821,880
Profit after income tax expense		-	190,732	190,732
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	190,732	190,732
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(31,000)	(31,000)
Balance at 30 June 2025		<u>775,009</u>	<u>206,603</u>	<u>981,612</u>

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

Financial statements (continued)

Kingsway Community Financial Services Limited Statement of cash flows For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,333,402	1,125,781
Payments to suppliers and employees (inclusive of GST)		(886,977)	(705,680)
Interest received		15,660	10,590
Income taxes paid		(59,936)	(150,288)
Net cash provided by operating activities	24	<u>402,149</u>	<u>280,403</u>
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(15,660)	(160,588)
Payments for property, plant and equipment		(15,450)	(45,443)
Payments for intangible assets		(14,143)	(13,917)
Proceeds from disposal of property, plant and equipment		-	10,909
Net cash used in investing activities		<u>(45,253)</u>	<u>(209,039)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(41,723)	(4,123)
Dividends paid	19	(23,250)	(23,250)
Repayment of lease liabilities		(93,834)	(130,190)
Net cash used in financing activities		<u>(158,807)</u>	<u>(157,563)</u>
Net increase/(decrease) in cash and cash equivalents		198,089	(86,199)
Cash and cash equivalents at the beginning of the financial year		<u>389,619</u>	<u>475,818</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>587,708</u></u>	<u><u>389,619</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 Kingsway Community Financial Services Limited (the company) as an individual entity.

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is Shop 18B, 168-182 Wanneroo Road, Madeley WA 6065.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 September 2025. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The company has assessed and concluded there are no material impacts.

Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended 30 June 2025. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

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. Investments are carried at amortised cost using the effective interest rate method.

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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

The company receives trailing commission from Bendigo Bank for products and services sold. Ongoing trailing commission payments are recognised on a monthly basis when earned as there is insufficient detail readily available to estimate the most likely amount of revenue without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission revenue is outside the control of the company.

Allowance for expected credit losses on trade and other receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

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

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

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.

Notes to the financial statements (continued)

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

Note 5. Economic dependency

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in September 2029.

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

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

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

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

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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	1,125,251	926,102
Fee income	52,959	44,153
Commission income	39,896	66,638
	<u>1,218,106</u>	<u>1,036,893</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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Margin income

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

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

The company is entitled to a share of the margin earned by Bendigo Bank. If this reflects a loss, the company incurs a share of that loss.

Commission income

Commission income is generated from the sale of products and services. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation. Refer to note 4 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

Fee income is a share of what is commonly referred to as 'bank fees and charges' charged to customers by Bendigo Bank including fees for loan applications and account transactions.

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	450,174	410,042
Non-cash benefits	9,127	3,216
Superannuation contributions	50,990	40,735
Expenses related to long service leave	6,879	2,632
Other expenses	12,034	12,984
	<u>529,204</u>	<u>469,609</u>

Notes to the financial statements (continued)

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	6,983	16,328
Plant and equipment	1,091	941
Motor vehicles	10,790	2,820
	<u>18,864</u>	<u>20,089</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>120,360</u>	<u>98,779</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,161	2,198
Franchise renewal fee	10,912	10,987
	<u>13,073</u>	<u>13,185</u>
	<u><u>152,297</u></u>	<u><u>132,053</u></u>

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	64,889	70,766
Movement in deferred tax	(1,311)	(284)
Under/over provision in respect to prior years	-	(1,788)
Aggregate income tax expense	<u>63,578</u>	<u>68,694</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>254,310</u>	<u>280,537</u>
Tax at the statutory tax rate of 25%	63,578	70,134
Tax effect of:		
Non-deductible expenses	-	348
Under/over provision in respect to prior years	-	(1,788)
Income tax expense	<u><u>63,578</u></u>	<u><u>68,694</u></u>
	2025 \$	2024 \$
<i>Deferred tax assets</i>		
Employee benefits	9,640	11,902
Provision for lease make good	333	310
Lease liabilities	133,149	156,608
Right-of-use assets	(125,388)	(155,480)
Property, plant and equipment	<u>30,044</u>	<u>33,127</u>
Deferred tax asset	<u><u>47,778</u></u>	<u><u>46,467</u></u>

Notes to the financial statements (continued)

Note 8. Income tax (continued)

	2025 \$	2024 \$
Provision for income tax	<u>8,631</u>	<u>3,679</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Note 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>587,708</u>	<u>389,619</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>99,467</u>	<u>101,568</u>
Accrued income	4,480	-
Prepayments	<u>4,998</u>	<u>4,937</u>
	<u>108,945</u>	<u>106,505</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>377,133</u>	<u>361,473</u>

Notes to the financial statements (continued)

Note 12. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	282,748	267,298
Less: Accumulated depreciation	(265,684)	(258,701)
	<u>17,064</u>	<u>8,597</u>
Plant and equipment - at cost	32,874	32,874
Less: Accumulated depreciation	(31,077)	(29,986)
	<u>1,797</u>	<u>2,888</u>
Motor vehicles - at cost	43,161	43,161
Less: Accumulated depreciation	(12,264)	(1,474)
	<u>30,897</u>	<u>41,687</u>
	<u><u>49,758</u></u>	<u><u>53,172</u></u>

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

	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Total \$
Balance at 1 July 2023	24,925	1,547	7,676	34,148
Additions	-	2,282	43,161	45,443
Disposals	-	-	(6,330)	(6,330)
Depreciation	<u>(16,328)</u>	<u>(941)</u>	<u>(2,820)</u>	<u>(20,089)</u>
Balance at 30 June 2024	8,597	2,888	41,687	53,172
Additions	15,450	-	-	15,450
Depreciation	<u>(6,983)</u>	<u>(1,091)</u>	<u>(10,790)</u>	<u>(18,864)</u>
Balance at 30 June 2025	<u><u>17,064</u></u>	<u><u>1,797</u></u>	<u><u>30,897</u></u>	<u><u>49,758</u></u>

Accounting policy for property, plant and equipment

Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

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	0 to 4.25 years
Plant and equipment	2 to 4 years
Motor vehicles	3 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.

Notes to the financial statements (continued)

Note 13. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	1,159,924	1,159,924
Less: Accumulated depreciation	(658,371)	(538,011)
	<u>501,553</u>	<u>621,913</u>

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

	Land and buildings \$
Balance at 1 July 2023	113,874
Remeasurement adjustments	606,818
Depreciation expense	<u>(98,779)</u>
Balance at 30 June 2024	621,913
Depreciation expense	<u>(120,360)</u>
Balance at 30 June 2025	<u><u>501,553</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. Intangibles

	2025 \$	2024 \$
Franchise fee	101,384	101,384
Less: Accumulated amortisation	<u>(91,759)</u>	<u>(89,598)</u>
	<u>9,625</u>	<u>11,786</u>
Franchise renewal fee	170,574	170,574
Less: Accumulated amortisation	<u>(122,449)</u>	<u>(111,537)</u>
	<u>48,125</u>	<u>59,037</u>
	<u><u>57,750</u></u>	<u><u>70,823</u></u>

Notes to the financial statements (continued)

Note 14. Intangibles (continued)

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	2,198	11,095	13,293
Additions	11,786	58,929	70,715
Amortisation expense	(2,198)	(10,987)	(13,185)
Balance at 30 June 2024	11,786	59,037	70,823
Amortisation expense	(2,161)	(10,912)	(13,073)
Balance at 30 June 2025	9,625	48,125	57,750

Accounting policy for intangible assets

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

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

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

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

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

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

Note 15. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	34,503	24,371
Other payables and accruals	86,717	62,536
	<u>121,220</u>	<u>86,907</u>
<i>Non-current liabilities</i>		
Other payables and accruals	46,671	62,229
	<u>46,671</u>	<u>62,229</u>
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	167,891	149,136
Less: other payables and accruals (net GST payable to the ATO)	(15,621)	(10,352)
	<u>152,270</u>	<u>138,784</u>

Notes to the financial statements (continued)

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>135,332</u>	<u>130,992</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>397,264</u>	<u>495,438</u>
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	626,430	151,891
Remeasurement adjustments	-	604,729
Lease interest expense	41,723	4,123
Lease payments - total cash outflow	<u>(135,557)</u>	<u>(134,313)</u>
	<u>532,596</u>	<u>626,430</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
Madely branch	7.50%	5 years	N/A	N/A	August 2029

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	<u>775,009</u>	<u>775,009</u>	<u>775,009</u>	<u>775,009</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

Notes to the financial statements (continued)

Note 17. Issued capital (continued)

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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

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

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

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause 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 declared during the period and provided for at balance date

The following dividends were declared for during the reporting period which are provided for at balance date as they are yet to be paid to shareholders, as presented in the Statement of changes in equity.

	2025 \$	2024 \$
Fully franked dividend of 4 cents per share (2024: 3 cents)	31,000	23,250

Dividends paid during the period

The following dividends were declared to shareholders in the previous reporting period and have been paid to shareholders during the current reporting period as presented in the Statement of cash flows.

	2025 \$	2024 \$
Fully franked dividend of 3 cents per share (2024: 3 cents)	23,250	23,250

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

Notes to the financial statements (continued)

Note 19. Dividends (continued)

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	168,944	26,406
Franking credits (debits) arising from income taxes paid (refunded)	59,936	150,288
Franking debits from the payment of franked distributions	(7,750)	(7,750)
	<u>221,130</u>	<u>168,944</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	221,130	168,944
Franking credits (debits) that will arise from payment (refund) of income tax	8,631	3,679
Franking debits that will arise from payment of dividends subsequent to financial year end	(10,333)	(7,750)
Franking credits available for future reporting periods	<u>219,428</u>	<u>164,873</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 20. Financial risk management

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

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

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

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

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

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables (note 10)	103,947	101,568
Cash and cash equivalents (note 9)	587,708	389,619
Investments (note 11)	<u>377,133</u>	<u>361,473</u>
	<u>1,068,788</u>	<u>852,660</u>
Financial liabilities		
Trade and other payables (note 15)	152,270	138,784
Lease liabilities (note 16)	<u>532,596</u>	<u>626,430</u>
	<u>684,866</u>	<u>765,214</u>

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

Notes to the financial statements (continued)

Note 20. Financial risk management (continued)

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 earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$587,708 and term deposits of \$377,133 at 30 June 2025 (2024: \$389,619 and \$361,473).

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 20. 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				
Trade and other payables	105,599	46,671	-	152,270
Lease liabilities	140,076	477,773	-	617,849
Total non-derivatives	245,675	524,444	-	770,119
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	76,555	62,229	-	138,784
Lease liabilities	135,558	594,829	23,020	753,407
Total non-derivatives	212,113	657,058	23,020	892,191

Note 21. Key management personnel disclosures

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

Beverley Jane Errington
Shannon Maree Crowe
Steven Anthony Windsor
Jordan Luke Wright
Nayna Raniga

Melanie Elizabeth Kelsall
Shaun Peter Lawson
Kate Ann Major
Dannyshan (Dan) Ramsawmy

Compensation

Key management personnel compensation comprised the following.

	2025 \$	2024 \$
Short-term employee benefits	10,000	6,000
Post-employment benefits	1,150	660
	<u>11,150</u>	<u>6,660</u>

Compensation of the company's key management personnel includes salaries and contributions to a post-employment superannuation fund.

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.

Notes to the financial statements (continued)

Note 22. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
Beverley Jane Errington provided bookkeeping services during the period. All services were provided at market value. The total benefit received including superannuation was:	46,330	44,400
The company made a sponsorship to Wanneroo Basketball Association, of which Beverley Jane Errington and Shannon Maree Crowe are board members.	3,500	3,000
The company made a grant payment to Paws for Wildlife Inc, of which Steven Anthony Windsor is a board member.	10,000	-
The company made a sponsorship to Wanneroo Agricultural Society, of which Beverley Jane Errington is the treasurer.	1,000	909
The company made a sponsorship to Wanneroo Business Association, of which Steven Anthony Windsor is a board member.	1,741	800
The company made a sponsorship to Wanneroo Secondary College, of which Jordan Luke Wright is a board member.	-	4,545

Note 23. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,930	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	1,124	1,514
General advisory services	3,780	3,260
	4,904	4,774
	<u>12,834</u>	<u>11,424</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	190,732	211,843
Adjustments for:		
Depreciation and amortisation	152,297	132,053
Net gain on disposal of non-current assets	-	(4,579)
Lease liabilities interest	41,723	4,123
Change in operating assets and liabilities:		
Increase in trade and other receivables	(2,440)	(13,307)
Increase in deferred tax assets	(1,311)	(284)
Increase in trade and other payables	25,148	10,147
Increase/(decrease) in current tax liabilities	4,952	(81,310)
Increase/(decrease) in employee benefits	(9,045)	22,180
Increase/(decrease) in provisions	93	(463)
Net cash provided by operating activities	<u>402,149</u>	<u>280,403</u>

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>190,732</u>	<u>211,843</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>775,009</u>	<u>775,009</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>775,009</u>	<u>775,009</u>
	Cents	Cents
Basic earnings per share	24.61	27.33
Diluted earnings per share	24.61	27.33

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



Beverley Jane Errington
Chair

22 September 2025

Independent audit report



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

Independent auditor's report to the Directors of Kingsway Community Financial Services Limited Report on the audit of the financial report

Our opinion

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

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

What we have audited

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

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

Basis for opinion

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

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

Other information

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

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

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

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



Andrew Frewin Stewart
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ABN: 65 684 604 390
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03 5443 0344

Independence

We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 22 September 2025

A handwritten signature in black ink, appearing to read 'Lachlan Tatt'.

Lachlan Tatt
Lead Auditor

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