

# Annual Report 2025

Kulin Community Financial  
Services Limited

Community Bank  
Kulin

ABN 49 088 885 438

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## **Community Bank Report 2025**

### **BEN Message**

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**

## Chair Report

### For the year ending 30 June 2025

It is my privilege to present the Kulin Community Financial Services Limited Annual Report for the financial year ending 30 June 2025. I am pleased to report a strong annual operating profit of \$156,324, supported by exceptional annual business growth of \$19 million. As a result, our total bank book closed the year at \$240 million — a remarkable achievement for our entire community.

Kulin Community Financial Services Limited has proudly maintained strong partnerships with a wide range of organisations across our region. In doing so, we've reached another major milestone this year. In 2025, community contributions totalled \$499,845, bringing our total contributions over the past five years to an impressive \$1.5 million.

This is a significant accomplishment that shareholders and customers of Community Bank Kulin can be immensely proud of. Its impact is felt not only in Kulin but also in neighbouring towns and communities.

Some of the most notable contributions made during the year include:

- \$132,000 – Kulin Bush Races – Shed Project
- \$90,000 – Kulin District High School – New Playground & Secondary Specialist Program
- \$15,000 – Kulin Tennis Club – Installation of New Nets
- \$10,000 – Newdegate Primary School – IT Upgrade
- \$5,000 – Dudinin Tennis Club – Centenary Celebrations
- \$4,000 – Kondinin Kulin Junior Cricket Club – Cricket Net Resurfacing

Our branch staff, led by Branch Manager Charmaine King, have played a vital role in our achievements this year. Charmaine has done an outstanding job supporting our customers and leading the branch team with professionalism and care. We wish her all the best in her new role as Business Development Manager, and we warmly welcome Mary-Ann Summers as our new Branch Manager.

Having a local, dedicated team at our Community Bank Kulin branch remains one of our greatest strengths, fostering trust and strong relationships within the community. Please join me in thanking our staff for their continued hard work and commitment.

This year also brought a transition in the role of Company Secretary/Treasurer, with Lorna Finlay taking over from Alison Lucchesi. We extend our heartfelt thanks to Alison for her dedication and contribution in this role. We're pleased that she will continue her involvement through her new position, focusing on Partnerships and Board Support.

Finally, I would like to express my sincere thanks to the volunteer Directors of Kulin Community Financial Services Limited. Each has made a meaningful contribution over the past year, offering their time, expertise, and commitment to the management and governance of Community Bank Kulin. Your support is greatly appreciated.



**Bradley Smoker**  
**Chair**  
**Kulin Community Financial Services Limited**

## **Branch Managers Report**

The 2025 financial year has been challenging for many. The competitive landscape in the financial services industry, fuelled by succession of Reserve Bank of Australia (RBA) rate increases, cost of living and inflation, has resulted in continued market pressure.

I am pleased to announce that despite the economic challenges and interest rate increases, we have once again had a strong growth year.

As at 30 June 2025 the branch saw **\$19m** in growth. This is an outstanding achievement and one that we as a team are very proud of.

This growth was in our Lending and Deposit space due to the very competitive rates we have been able to offer.

This year saw Community Bank Kulin contribute \$499,844.70 back into the local community. We partnered with numerous local groups to help achieve some amazing community outcomes.

Bendigo has undergone some intensive upgrades to improve systems, processes and our customers overall experience.

As the outlook moves towards digital banking, we are constantly reviewing and implementing ways to better assist our customers with their daily banking needs. To ensure they are always aware of potential threats and loss of funds but assuring them that we are always here to assist, help and guide them through any issues that may arise.

All staff have embraced changes made across the Bendigo networks and understand that we need to develop our technology to stay with the times and to grow.

We do however still pride ourselves on our good “old fashioned” face to face service.

This last year has seen a few changes in our staffing. As at 30 June 2025 we have a full complement of staff. Branch Manager, 2x full time customer service officers and 1x part time customer service officer. We continue to focus on improving to ensure our customers financial needs and goals are met.

I would like to thank the staff for their hard work and continued commitment to the branch and the community. The team has worked consistently throughout the year to ensure we succeed and thrive within the Community.

Kulin Community Financial Services Limited

Staff not only work business hours they also volunteer their time to get involved in community events such as the Newdegate Field Day, Kulin Bush Races, Wagin Woolorama show, just to name a few.

I would like to thank our Chair and Board of Directors for their continued support and guidance over the past financial year. Your trust and encouragement have been a source of motivation for me and the entire team. It is through your leadership and encouragement that we continue to grow with confidence and integrity.

And of course, a big “Thank you” to our shareholders, for your continuing support. Without your support none of this would be possible.

My team and I look forward to another successful year with the Kulin & Surrounds Community.

“Thank you all” for being part of the Community Bank Kulin.

**Charmaine King**

**Branch Manager**

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# Kulin Community Financial Services Limited

ABN 49 088 885 438

Financial Report - 30 June 2025



# Kulin Community Financial Services Limited

## Directors' report

### 30 June 2025

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

#### Directors

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

Name:	Bradley James Smoker
Title:	Non-executive director
Experience and expertise:	Brad is a farmer who holds a Bachelor of Business in Agriculture at Curtin University. He has a farming background of 20 years and farm consultant 15 years. Brad is the current Chairperson of Kulin Community Financial Services Limited and is also Deputy President at the Shire of Kulin and Chairperson of Cultivating Kulin Committee Incorporated.
Special responsibilities:	Chairperson

Name:	Robin James McInnes
Title:	Non-executive director
Experience and expertise:	Retired. Employed by the Water Corporation for 33 years. Member of the steering committee to establish the Community Bank in Kulin. Life member of the fire brigade and football club and awarded Emergency Services Medal in 2003. Gold card in AOOB's. Treasurer of several lodges.

Name:	Graeme John Robertson
Title:	Non-executive director
Experience and expertise:	Farmer. Graeme is the director for Kulin Community Hub Pty Ltd, Kulin Bush Races and Cultivating Kulin Committee. Director and secretary for Kulin Development Cooperative. He is also Vice Chair for Kulin Community Financial Services and was previously on the Kulin Districts High School Board.

Name:	Jennie Marie McInnes
Title:	Non-executive director
Experience and expertise:	Parts Manager. Former Company Secretary and Treasurer of the company, bookkeeping and administration experience.

Name:	Cassi-Dee Tina Vandenberg
Title:	Non-executive director
Experience and expertise:	Executive Manager of Governance & Risk at Shire of Kulin. Accountant with tax and local government experience.

Name:	Jack Blyth Wilson
Title:	Non-executive director
Experience and expertise:	Local farmer, member of the Kulin Bush Race Committee and Volunteer St John Officer.

#### Company secretary

The company secretary is Lorna Finlay. Lorna was appointed to the position of company secretary on 1 June 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 \$156,324 (30 June 2024: \$217,911).

Operations have continued to perform in line with expectations.

# Kulin Community Financial Services Limited

## Directors' report

### 30 June 2025

#### 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 10 cents per share (2024: 10 cents)	32,892	32,892

#### 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
Bradley James Smoker	10	10
Robin James McInnes	10	9
Graeme John Robertson	10	8
Jennie Marie McInnes	10	9
Cassi-Dee Tina Vandenberg	10	4
Jack Blyth Wilson	10	10

#### 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
Bradley James Smoker	-	-	-
Robin James McInnes	14,601	-	14,601
Graeme John Robertson	5,001	-	5,001
Jennie Marie McInnes	1,300	-	1,300
Cassi-Dee Tina Vandenberg	-	-	-
Jack Blyth Wilson	-	-	-

# **Kulin Community Financial Services Limited**

## **Directors' report**

### **30 June 2025**

#### **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.

**Kulin Community Financial Services Limited**  
**Directors' report**  
**30 June 2025**

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



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Bradley James Smoker  
Chair

17 September 2025



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

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

As lead auditor for the audit of Kulin 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', is positioned above the printed name.

**Andrew Frewin Stewart**  
61 Bull Street, Bendigo, Vic, 3550  
Dated: 17 September 2025

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

**Adrian Downing**  
Lead Auditor

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

	<b>Note</b>	<b>2025 \$</b>	<b>2024 \$</b>
Revenue from contracts with customers	6	1,273,876	1,132,832
Other revenue	7	34,063	26,855
Finance revenue		15,569	7,649
<b>Total revenue</b>		<b>1,323,508</b>	<b>1,167,336</b>
Employee benefits expense	8	(382,681)	(384,654)
Advertising and marketing costs		(2,219)	(3,206)
Occupancy and associated costs		(17,985)	(12,331)
System costs		(18,325)	(19,415)
Depreciation and amortisation expense	8	(86,053)	(75,148)
Finance costs	8	(12,298)	(13,508)
General administration expenses		(95,671)	(95,260)
<b>Total expenses before community contributions and income tax</b>		<b>(615,232)</b>	<b>(603,522)</b>
<b>Profit before community contributions and income tax</b>		<b>708,276</b>	<b>563,814</b>
Charitable donations, sponsorships and grants expense	8	(499,845)	(274,169)
<b>Profit before income tax expense</b>		<b>208,431</b>	<b>289,645</b>
Income tax expense	9	(52,107)	(71,734)
<b>Profit after income tax expense for the year</b>		<b>156,324</b>	<b>217,911</b>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<b>156,324</b>	<b>217,911</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	27	47.53	66.25
Diluted earnings per share	27	47.53	66.25

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

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

	<b>Note</b>	<b>2025</b> <b>\$</b>	<b>2024</b> <b>\$</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	320,608	567,742
Trade and other receivables	11	124,020	137,997
Financial assets	12	20,000	20,000
Total current assets		<u>464,628</u>	<u>725,739</u>
<b>Non-current assets</b>			
Financial assets	12	20,200	40,200
Property, plant and equipment	13	501,986	145,730
Right-of-use assets	14	185,235	214,013
Intangible assets	15	61,329	3,897
Deferred tax assets	9	18,808	8,032
Total non-current assets		<u>787,558</u>	<u>411,872</u>
<b>Total assets</b>		<u>1,252,186</u>	<u>1,137,611</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	32,980	27,402
Lease liabilities	17	29,239	28,478
Current tax liabilities	9	27,350	64,568
Employee benefits	18	34,711	33,783
Total current liabilities		<u>124,280</u>	<u>154,231</u>
<b>Non-current liabilities</b>			
Trade and other payables	16	46,703	-
Lease liabilities	17	190,656	217,601
Employee benefits	18	2,536	1,357
Lease make good provision		3,070	2,913
Total non-current liabilities		<u>242,965</u>	<u>221,871</u>
<b>Total liabilities</b>		<u>367,245</u>	<u>376,102</u>
<b>Net assets</b>		<u>884,941</u>	<u>761,509</u>
<b>Equity</b>			
Issued capital	19	322,663	322,663
Retained earnings		<u>562,278</u>	<u>438,846</u>
<b>Total equity</b>		<u>884,941</u>	<u>761,509</u>

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

**Kulin Community Financial Services Limited**  
**Statement of changes in equity**  
**For the year ended 30 June 2025**

	Note	Issued capital \$	Retained earnings \$	Total equity \$
<b>Balance at 1 July 2023</b>		322,663	253,827	576,490
Profit after income tax expense		-	217,911	217,911
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	217,911	217,911
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(32,892)	(32,892)
<b>Balance at 30 June 2024</b>		<u>322,663</u>	<u>438,846</u>	<u>761,509</u>
 <b>Balance at 1 July 2024</b>		 322,663	 438,846	 761,509
Profit after income tax expense		-	156,324	156,324
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	156,324	156,324
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	21	-	(32,892)	(32,892)
<b>Balance at 30 June 2025</b>		<u>322,663</u>	<u>562,278</u>	<u>884,941</u>

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



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

	<b>Note</b>	<b>2025</b> <b>\$</b>	<b>2024</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,438,133	1,279,087
Payments to suppliers and employees (inclusive of GST)		(1,111,736)	(974,022)
Interest received		12,139	7,649
Income taxes paid		(100,101)	(41,370)
Net cash provided by operating activities	26	<u>238,435</u>	<u>271,344</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(408,790)	(17,484)
Payments for intangible assets		(14,153)	(13,770)
Payments for financial assets		-	20,000
Proceeds from disposal of property, plant and equipment		-	5,000
Net cash used in investing activities		<u>(422,943)</u>	<u>(6,254)</u>
<b>Cash flows from financing activities</b>			
Interest and other finance costs paid		(12,141)	(13,359)
Dividends paid	21	(32,892)	(32,892)
Repayment of lease liabilities		(17,593)	(9,519)
Net cash used in financing activities		<u>(62,626)</u>	<u>(55,770)</u>
Net increase/(decrease) in cash and cash equivalents		(247,134)	209,320
Cash and cash equivalents at the beginning of the financial year		<u>567,742</u>	<u>358,422</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>320,608</u></u>	<u><u>567,742</u></u>

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

# **Kulin Community Financial Services Limited**

## **Notes to the financial statements**

### **30 June 2025**

#### **Note 1. Reporting entity**

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is 1/157 Bull Street, Kulin WA 6365.

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 17 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.

##### **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.

# Kulin Community Financial Services Limited

## Notes to the financial statements

### 30 June 2025

#### 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.

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.

# Kulin Community Financial Services Limited

## Notes to the financial statements

### 30 June 2025

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

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 assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

##### *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.

##### *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. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

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.

##### *Lease make good provision*

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

#### Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in October 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.

**Kulin Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 5. Economic dependency (continued)**

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 to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

Bendigo Bank provides significant assistance in establishing and maintaining the Community Bank franchise operations. It also continues to provide ongoing management and operational support and other assistance and guidance in relation to all aspects of the franchise operation, including advice and assistance in relation to:

- the design, layout and fit out of the Community Bank premises
- training for the branch manager and other employees in banking, management systems and interface protocol
- methods and procedures for the sale of products and provision of services
- security and cash logistic controls
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs
- sales techniques and proper customer relations
- providing payroll services.

**Note 6. Revenue from contracts with customers**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Margin income	745,731	518,856
Fee income	20,079	19,644
Commission income	508,066	594,332
	<u>1,273,876</u>	<u>1,132,832</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.

# Kulin Community Financial Services Limited

## Notes to the financial statements

### 30 June 2025

#### Note 6. Revenue from contracts with customers (continued)

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

##### *Revenue calculation*

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

##### *Margin income*

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

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

	2025 \$	2024 \$
Department of Transport	34,063	26,611
Other income	-	244
	<u>34,063</u>	<u>26,855</u>

**Kulin Community Financial Services Limited**  
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**Note 8. Expenses**

**Employee benefits expense**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Wages and salaries	323,835	350,158
Superannuation contributions	38,356	36,969
Expenses related to long service leave	2,107	(18,330)
Other expenses	18,383	15,857
	<u>382,681</u>	<u>384,654</u>

**Depreciation and amortisation expense**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<i>Depreciation of non-current assets</i>		
Buildings	7,131	-
Leasehold improvements	16,073	14,391
Plant and equipment	1,187	2,592
Motor vehicles	28,143	24,118
	<u>52,534</u>	<u>41,101</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	20,188	20,878
<i>Amortisation of intangible assets</i>		
Franchise fee	2,214	2,198
Franchise renewal fee	11,117	10,971
	<u>13,331</u>	<u>13,169</u>
	<u>86,053</u>	<u>75,148</u>

**Finance costs**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Lease interest expense	12,141	13,359
Unwinding of make good provision	157	149
	<u>12,298</u>	<u>13,508</u>

Finance costs are recognised as expenses when incurred using the effective interest rate.

**Charitable donations, sponsorships and grants expense**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Direct donation, sponsorship and grant payments	394,582	54,073
Contribution to the Community Enterprise Foundation™	105,263	220,096
	<u>499,845</u>	<u>274,169</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).

**Kulin Community Financial Services Limited**  
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**Note 8. Expenses (continued)**

The funds contributed to the Community Enterprise Foundation™ (CEF) are held by them 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.

**Note 9. Income tax**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<i>Income tax expense</i>		
Current tax	62,882	76,412
Movement in deferred tax	(10,775)	(3,646)
Under/over adjustment	-	(1,032)
	<u>52,107</u>	<u>71,734</u>
Aggregate income tax expense		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>208,431</u>	<u>289,645</u>
Tax at the statutory tax rate of 25%	52,108	72,411
Tax effect of:		
Non-deductible expenses	(1)	355
	<u>52,107</u>	<u>72,766</u>
Under/over adjustment	-	(1,032)
Income tax expense	<u>52,107</u>	<u>71,734</u>
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<i>Deferred tax assets/(liabilities)</i>		
Employee benefits	9,544	8,934
Provision for lease make good	767	728
Lease liabilities	54,974	61,520
Right-of-use assets	(46,309)	(53,503)
Property, plant and equipment	689	(8,133)
Prepayments	(857)	(1,514)
	<u>18,808</u>	<u>8,032</u>
Deferred tax asset		
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Provision for income tax	<u>27,350</u>	<u>64,568</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.



**Kulin Community Financial Services Limited**  
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**Note 9. Income tax (continued)**

*Accounting policy for current tax*

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

*Accounting policy for deferred tax*

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

**Note 10. Cash and cash equivalents**

	<b>2025</b> \$	<b>2024</b> \$
Cash at bank and on hand	<u>320,608</u>	<u>567,742</u>

**Note 11. Trade and other receivables**

	<b>2025</b> \$	<b>2024</b> \$
Trade receivables	<u>120,990</u>	<u>131,141</u>
Other receivables and accruals	(400)	800
Accrued income	3,430	-
Prepayments	-	6,056
	<u>3,030</u>	<u>6,856</u>
	<u>124,020</u>	<u>137,997</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. Financial assets**

	<b>2025</b> \$	<b>2024</b> \$
<i>Current assets</i>		
Loan	<u>20,000</u>	<u>20,000</u>
<i>Non-current assets</i>		
Loan	20,000	40,000
Equity securities - designated at fair value through profit and loss	<u>200</u>	<u>200</u>
	<u>20,200</u>	<u>40,200</u>

*Loans*

Loans are comprised of an interest free debenture which is due to be settled by June 2027.

*Accounting policy for financial assets*

See note 22 financial instruments for accounting policy.

**Kulin Community Financial Services Limited**  
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**Note 13. Property, plant and equipment**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Land - at cost	189,965	-
Buildings - at cost	173,370	-
Less: Accumulated depreciation	(7,131)	-
	<u>166,239</u>	<u>-</u>
Leasehold improvements - at cost	194,018	194,018
Less: Accumulated depreciation	(129,569)	(113,496)
	<u>64,449</u>	<u>80,522</u>
Plant and equipment - at cost	79,863	101,005
Less: Accumulated depreciation	(76,861)	(96,816)
	<u>3,002</u>	<u>4,189</u>
Motor vehicles - at cost	148,310	102,856
Less: Accumulated depreciation	(69,979)	(41,837)
	<u>78,331</u>	<u>61,019</u>
	<u><u>501,986</u></u>	<u><u>145,730</u></u>

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

	Land	Buildings	Leasehold	Plant and	Motor	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 July 2023	-	-	77,429	6,781	86,577	170,787
Additions	-	-	17,484	-	-	17,484
Disposals	-	-	-	-	(1,440)	(1,440)
Depreciation	-	-	(14,391)	(2,592)	(24,118)	(41,101)
Balance at 30 June 2024	-	-	80,522	4,189	61,019	145,730
Additions	189,965	173,370	-	-	45,455	408,790
Depreciation	-	(7,131)	(16,073)	(1,187)	(28,143)	(52,534)
Balance at 30 June 2025	<u><u>189,965</u></u>	<u><u>166,239</u></u>	<u><u>64,449</u></u>	<u><u>3,002</u></u>	<u><u>78,331</u></u>	<u><u>501,986</u></u>

*Accounting policy for property, plant and equipment*

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

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

Leasehold improvements	10 years
Plant and equipment	5 to 10 years
Motor vehicles	5 to 8 years
Building	5 to 25 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.

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**Note 13. Property, plant and equipment (continued)**

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**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Land and buildings - right-of-use	303,637	312,227
Less: Accumulated depreciation	<u>(118,402)</u>	<u>(98,214)</u>
	<u><b>185,235</b></u>	<u><b>214,013</b></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	231,621
Remeasurement adjustments	3,270
Depreciation expense	<u>(20,878)</u>
Balance at 30 June 2024	214,013
Remeasurement adjustments	(8,590)
Depreciation expense	<u>(20,188)</u>
Balance at 30 June 2025	<u><b>185,235</b></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 17 for more information on lease arrangements.

**Note 15. Intangible assets**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Franchise fee	52,781	40,987
Less: Accumulated amortisation	<u>(42,559)</u>	<u>(40,345)</u>
	<u><b>10,222</b></u>	<u><b>642</b></u>
Franchise renewal fee	113,901	54,932
Less: Accumulated amortisation	<u>(62,794)</u>	<u>(51,677)</u>
	<u><b>51,107</b></u>	<u><b>3,255</b></u>
	<u><b>61,329</b></u>	<u><b>3,897</b></u>

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**Note 15. Intangible assets (continued)**

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	2,840	14,226	17,066
Amortisation expense	(2,198)	(10,971)	(13,169)
Balance at 30 June 2024	642	3,255	3,897
Additions	11,794	58,969	70,763
Amortisation expense	(2,214)	(11,117)	(13,331)
Balance at 30 June 2025	<u>10,222</u>	<u>51,107</u>	<u>61,329</u>

*Accounting policy for intangible assets*

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

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

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

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

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

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	3,113	497
Other payables and accruals	<u>29,867</u>	<u>26,905</u>
	<u>32,980</u>	<u>27,402</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>46,703</u>	<u>-</u>

**Kulin Community Financial Services Limited**  
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**Note 16. Trade and other payables (continued)**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	79,683	27,402
less other payables and accruals (net GST payable to the ATO)	<u>(7,661)</u>	<u>(9,845)</u>
	<u><u>72,022</u></u>	<u><u>17,557</u></u>

**Note 17. Lease liabilities**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>29,239</u>	<u>28,478</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>190,656</u>	<u>217,601</u>
<i>Reconciliation of lease liabilities</i>		
	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Opening balance	246,079	252,786
Remeasurement adjustments	(8,591)	2,812
Lease interest expense	12,141	13,359
Lease payments - total cash outflow	<u>(29,734)</u>	<u>(22,878)</u>
	<u><u>219,895</u></u>	<u><u>246,079</u></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:

<b>Lease</b>	<b>Discount rate</b>	<b>Non-cancellable term</b>	<b>Renewal options available</b>	<b>Reasonably certain to exercise options</b>	<b>Lease term end date used in calculations</b>
Branch shop 1	5.39%	5 years	1 x 5 years	Yes	September 2034
Branch shop 2	5.39%	5 years	1 x 5 years	Yes	September 2034

**Kulin Community Financial Services Limited**  
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**Note 18. Employee benefits**

	2025 \$	2024 \$
<i>Current liabilities</i>		
Annual leave	24,919	24,919
Long service leave	9,792	8,864
	<u>34,711</u>	<u>33,783</u>
<i>Non-current liabilities</i>		
Long service leave	<u>2,536</u>	<u>1,357</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.

*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.

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	328,919	328,919	328,910	328,910
Less: Equity raising costs	-	-	(6,247)	(6,247)
	<u>328,919</u>	<u>328,919</u>	<u>322,663</u>	<u>322,663</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.

# Kulin Community Financial Services Limited

## Notes to the financial statements

### 30 June 2025

#### Note 19. Issued capital (continued)

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.

#### 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.

**Kulin Community Financial Services Limited**  
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**Note 20. Capital management (continued)**

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 10 cents per share (2024: 10 cents)	<u>32,892</u>	<u>32,892</u>

**Franking credits**

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	142,355	111,949
Franking credits (debits) arising from income taxes paid (refunded)	100,101	41,370
Franking debits from the payment of franked distributions	<u>(10,964)</u>	<u>(10,964)</u>
	<u>231,492</u>	<u>142,355</u>

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

Balance at the end of the financial year	231,492	142,355
Franking credits (debits) that will arise from payment (refund) of income tax	<u>27,350</u>	<u>64,568</u>
Franking credits available for future reporting periods	<u>258,842</u>	<u>206,923</u>

The ability to utilise franking credits is dependent upon the company's ability to declare dividends. The tax rate at which future dividends will be franked is 25%.

*Accounting policy for dividends*

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

**Note 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:



**Kulin Community Financial Services Limited**  
**Notes to the financial statements**  
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**Note 22. Financial risk management (continued)**

- 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.

	<b>2025</b> <b>\$</b>	<b>2024</b> <b>\$</b>
<b>Financial assets at amortised cost</b>		
Trade and other receivables (note 11)	124,020	131,941
Cash and cash equivalents (note 10)	320,608	567,742
Financial assets (note 12)	40,200	60,200
	<u>484,828</u>	<u>759,883</u>
<b>Financial liabilities</b>		
Trade and other payables (note 16)	72,022	17,557
Lease liabilities (note 17)	219,895	246,079
	<u>291,917</u>	<u>263,636</u>

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

*Accounting policy for financial instruments*

**Financial assets**

*Classification*

The company classifies its financial assets at amortised cost.

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

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

*Derecognition*

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

*Impairment of trade and other receivables*

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

**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.

**Kulin Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2025**

**Note 22. Financial risk management (continued)**

**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 \$320,608 at 30 June 2025 (2024: \$567,742). Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk.

**Liquidity risk**

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2025</b>				
Trade and other payables	25,319	46,703	-	72,022
Lease liabilities	30,007	120,029	127,531	277,567
Total non-derivatives	55,326	166,732	127,531	349,589
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
<b>2024</b>				
Trade and other payables	17,557	-	-	17,557
Lease liabilities	28,478	121,383	169,530	319,391
Total non-derivatives	46,035	121,383	169,530	336,948

**Note 23. Key management personnel disclosures**

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

Bradley James Smoker  
Graeme John Robertson  
Jennie Marie McInnes

Robin James McInnes  
Cassi-Dee Tina Vandenberg  
Jack Blyth Wilson

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

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

**Note 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.

**Kulin Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2025**

**Note 24. Related party transactions (continued)**

*Terms and conditions of transactions with related parties*

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

*Transactions with related parties*

The following transactions occurred with related parties:

	2025 \$	2024 \$
Kulin Bush Races received sponsorship. Brad Smoker, Jack Wilson, and Graeme Robertson also serve as directors of this organisation. The total benefit received was:	132,000	-
Kulin Retirement Home received funding through the CEF. Graeme Robertson's wife is a committee member and the company secretary. The total benefit received was:	20,000	200,000
Cultivating Kulin Committee (CKC) – An interest-free \$100,000 debenture was issued in 2021/22, repayable by June 2027. Brad Smoker, Derek Young, and Graeme Robertson are committee members. The total repayments were:	(20,000)	(20,000)
Kulin District High School received donations. Graeme Robertson and Brad Smoker also serve as directors of this organisation. The total benefit received was:	92,000	30,000
Kulin Bowling Club received sponsorship. The wife of director Robin McInnes is the club secretary. The total benefit received was:	200	-
KK Vipers Hockey Club received sponsorship. J. McInnes is a committee member of this organisation. The total benefit received was:	250	-

**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	7,820
<i>Other services</i>		
Taxation advice and tax compliance services	1,124	1,514
General advisory services	6,520	4,662
Share registry services	4,665	4,793
	12,309	10,969
	<u>20,239</u>	<u>18,789</u>

**Kulin Community Financial Services Limited**  
**Notes to the financial statements**  
**30 June 2025**

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

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax expense for the year	156,324	217,911
Adjustments for:		
Depreciation and amortisation	86,053	75,148
Lease liabilities interest	12,140	13,359
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	13,977	(36,693)
Increase in deferred tax assets	(10,776)	(3,647)
Increase/(decrease) in trade and other payables	15,671	(10,106)
Increase/(decrease) in provision for income tax	(37,218)	34,011
Increase/(decrease) in employee benefits	2,107	(18,330)
Increase/(decrease) in other provisions	157	(309)
Net cash provided by operating activities	<u>238,435</u>	<u>271,344</u>

**Note 27. Earnings per share**

	<b>2025</b>	<b>2024</b>
	<b>\$</b>	<b>\$</b>
Profit after income tax	<u>156,324</u>	<u>217,911</u>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>328,919</u>	<u>328,919</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>328,919</u>	<u>328,919</u>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	47.53	66.25
Diluted earnings per share	47.53	66.25

*Accounting policy for earnings per share*

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Kulin Community Financial Services 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.

**Kulin Community Financial Services Limited**  
**Directors' declaration**  
**30 June 2025**

In the directors' opinion:

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

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

On behalf of the directors



---

Bradley James Smoker  
Chair

17 September 2025



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

# Independent auditor's report to the Directors of Kulin Community Financial Services Limited

## Report on the audit of the financial report

### Our opinion

In our opinion, the accompanying financial report of Kulin 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 Kulin Community Financial Services Limited (the company), which comprises the:

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

### Basis for opinion

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

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

### Other information

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Andrew Frewin Stewart  
61 Bull Street Bendigo VIC 3550  
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: 17 September 2025

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

**Adrian Downing**  
Lead Auditor

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