

Annual Report 2025

Meander Valley Financial
Services Limited

Community Bank
Deloraine & Districts

ABN 27 111 858 078

Contents

Chair's report.....	2
Manager's report.....	4
Director's report.....	5
Auditor's independence declaration	9
Financial statements.....	10
Notes to the financial statements.....	14
Director's declaration.....	33
Independent auditor's report.....	34

Chair's report

Annual Report - Chair 2025

As part of the Bendigo Community Bank network, Community Bank Deloraine & Districts continues to perform strongly among its peers. This year, we are proud to announce that in the Victoria Regional/Tas Awards, Katie was recognised with the Branch Manager Award, James received the Home Lender Award, and our branch was honoured as Branch of the Year out of 120 branches.

Since opening in 2005, the bank has achieved consistent growth, and this year celebrates its twentieth anniversary. We extend our gratitude to the founding committee members whose vision established a community bank in Deloraine. Their efforts to engage the community and secure shareholders have been invaluable, and we sincerely thank them for their dedication.

Community Bank Deloraine & Districts is grounded in the principles of social enterprise. Prioritising social objectives alongside financial returns to foster positive social and environmental outcomes within a healthy local community.

Over the past two decades, the bank has made significant contributions to the community. Since its inception, Community Bank Deloraine & Districts has supported:

- \$1,502,530 in grant projects
- \$958,928 in sponsorships
- \$675,750 in dividend payments
- \$272,000 in scholarship payments to 41 local students
- \$232,847 for other community projects
- \$50,470 in donations

We are extremely proud to have returned over \$3.5 million to the Meander Valley community - a testament to the enduring support of our customers and shareholders, which enables the ongoing growth of our bank. This is part of \$416m nationally that has been returned to communities throughout Australia from supporting their local community bank since the inception of the Community Bank Model in 1997.

In 2025, we conducted two grant rounds for the first time. The successful recipients in the first round included Deloraine High School, Mole Creek Progress Association, Toddle Inn Childcare and Our Lady of Mercy School. These projects included converting a caravan into a coffee van, upgrading swimming pool facilities, purchasing musical instruments and improvements to the local childcare facility.

The team at Community Bank Deloraine & Districts remains committed to delivering exceptional service. Offering a range of products that can be tailored to suit individual needs, proactively supporting customers, especially when rates and personal circumstances change and actively manage business in a timely manner. I would like to thank James, Kelsie, Bec, Brandi and Cassie for their dedication and commitment to their roles and for delivering professional and caring service to customers.

Chair's report

Our appreciation also extends to Martyn Neville and the Bendigo Bank network for their ongoing support of our branch, staff, and board.

FY25 has brought changes to our staffing. Susan Drake, who dedicated nearly 20 years to various roles at the bank, has chosen to pursue new opportunities outside the industry. We are grateful for Susan's commitment and her willingness to assume senior responsibilities as needed. Branch Manager Katie has transitioned to a leadership position with Bendigo and Adelaide Bank, overseeing lending performance in Tasmania and regional Victoria. Katie's expertise and focus, on both business development and staff progression, have made a lasting impact and we are pleased she will continue to provide guidance to our branch. We extend our sincere thanks to Katie for her outstanding service.

Following Katie's departure, James Newsum served as Acting Branch Manager, delivering excellent results. His dedication to customer service, staff engagement, board communication, and business promotion ensured smooth operations and sustained growth over this time. We are also pleased to welcome Brandi Atkins and Bec Robertson as Customer Service Officers.

With the introduction of Bendigo Agribusiness and the transition from Rural Bank, we congratulate former Branch Managers, Oli Bissett-Proudfoot and Simon Rootes, on their appointments as Agribusiness Relationship Managers.

As a board we recognise the challenges that will confront us into the future. The banking industry continues to evolve and change at a fast rate. Online banking, the development of virtual branches and other developing technologies highlight the need for the Community Bank Deloraine & Districts to continue to service and support customers through this ever-changing environment.

At the end of this year, I will step down as Chair and will not seek re-election. My thirteen years of service on the board has been both satisfying and, at times, challenging.

I would like to thank my fellow directors for their unwavering commitment to both the community and the business. In partnership, with shareholders, customers, staff, and the Bendigo Bank network, the Board will continue to navigate change positively, sustaining service delivery and reinvesting profits into the community.



Anne Harvey
Chair

Manager's report

Managers Report

2025 has brought with it the celebration of 20 years' service for the Community Bank Deloraine & Districts. Meander Valley Financial Services continues to grow its profits monthly off the back of the continued support within the local community of people banking with us and this has, in turn, generated more profits going back into local community projects. We ticked off another achievement having given back over \$3.6 million over the past 20 years just to the local community. This has been through funding like grant rounds, scholarships, sponsorships and donations. Some recent examples being \$50,000 to the Whitemore Tennis Club for resurfacing tennis courts; Mole Creek Progress Association \$42,945 for the Mole Creek pool; Aged Care Deloraine \$14,896 for virtual reality; and many more great projects. Seeing the amount grow every year continues to fill all our staff with great satisfaction knowing we are not only making a difference with our customers everyday but a larger impact on the community for generations to come.

This year has come with the continual focus of individual development with the staff which in turn helps us continue to build and grow our relationships within the community. Some of those services that we continue to focus on and assist customers in are:

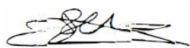
- Home & personal lending
- Everyday banking, savings & long-term investments
- Insurance & wealth
- Along with many more banking service

We have also placed a big emphasis on protecting our customers from frauds and scams and the ever-evolving ways that scammers are trying to find new ways to target the public. As part of this, we have run sessions at different community groups and events to help promote awareness on how to identify a scam. Remember, if it doesn't seem right, it probably isn't.

We have experienced a number of changes within the team, with some staff deciding to move on to new challenges, as well as the exciting times ahead for our new staff being onboarded. This year has seen Susan Drake, our longest tenure staff member, deciding to move on from banking. Susan has been an asset to the bank for almost 20 years, and we cannot thank her enough for her dedication over those years to the community. Oli Bissett-Proudfoot has moved to a new role within the bank as an Agribusiness Relationship Manager. We also lost Katie Blandford as our Branch Manager as she has moved on to be a Lending Performance Lead for Bank in the state business area of Vic Regional & Tasmania. Luckily for us she is still an asset to Bendigo Bank for, hopefully, years to come. With this has come the onboarding of some new faces that many of you may have noticed in Rebecca Robertson & Brandi Atkins, who are our new Customer Service Officers.

Our continual growth comes with the support & help from our board of directors. Their support not only with the Company Governance but also all their voluntary hours given at community events along with their broad experience and knowledge helps continue to develop such a successful business. With that also comes the support of our Bendigo Bank team led by the support of the Regional Manager, Martyn Neville, and Jon Pedler, the Risk and Compliance Manager. We thank them both, as well as the board for their continued support & contributions to the success of Community Bank Deloraine & Districts.

None of this is possible without the support of our customers who trust us with their banking services. We thank every one of you for your continued support. We also would like to continue to give more funds back to our community so would love to talk to new customers and see how we can help them achieve their financial dreams.



James Newsum
Acting Branch Manager

Director's report

Meander Valley 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:	Melinda Kaye Norton
Title:	Non-executive director
Experience and expertise:	Melinda is the Chair of MVFSL and Treasurer of Weegena Hall Committee and is a volunteer fire fighter.
Special responsibilities:	Governance and Audit Committee
Name:	Laura Jane Richardson
Title:	Non-executive director
Experience and expertise:	Significant governance, management and community experience, including Executive Officer and Regional Manager, Senior Ministerial Adviser, Past Chair and Company Secretary of Meander Valley Financial Services Limited. Current President of the Chudleigh Agricultural & Horticultural Society, Past President and Service Award recipient of Rural Youth Tasmania. 2022 Meander Valley Citizen of the Year. Life member Deloraine Amateur Basketball Association and Founding Committee Deloraine Devils Netball Club.
Special responsibilities:	Marketing and Communications Committee
Name:	Graham Stephen Dent
Title:	Non-executive director
Experience and expertise:	Primary producer, seed cleaner, rotary, fire service. Former chair and director of Tasmanian Seeds Ltd.
Special responsibilities:	Vice Chair, Farmers Night Chair, Business Development Committee.
Name:	Anne Margaret Harvey
Title:	Non-executive director
Experience and expertise:	Teacher. Current Dairy Farmer/Agistment Business. Diploma of Teaching and Bachelor of Education. Current life member of Deloraine Community band. Life member of Deloraine Primary School Association.
Special responsibilities:	Chair, Business Development Committee
Name:	Barry Gordon Pearn
Title:	Non-executive director
Experience and expertise:	Semi Retired/IT Consultant. Barry has completed a Bachelor of Business (Accounting), Graduate Diploma of Applied Computing and a Masters of Computing. He has worked in a number of industries such as earthmoving and land clearing, managing onsite contracting at Woodchip Mill, earthmoving and farm drainage, civil contract administration and IT consulting. He is also a member of the Rotary Club of Westbury, Whitemore Fire Brigade and served as a National Councillor and Treasurer of the Civil Contractors Federation.
Special responsibilities:	Treasurer
Name:	Andrew Raymond Johnston
Title:	Non-executive director
Experience and expertise:	Primary Producer managing a mixed farming enterprise at Exton, Member and Past President of the Rotary Club of Deloraine. Past Director of Wool Producers Australia, and Vice Chair of the Wool Council for Tasmanian Farmers & Graziers Association. Chair of the Rotary Pratt Foundation.
Special responsibilities:	Vice Chair, Business Development Committee

Director's report (continued)

Meander Valley Financial Services Limited Directors' report 30 June 2025

Name:	Carmen Elizabeth Cresswell
Title:	Non-executive director
Experience and expertise:	Farmer. Studied at the University of Tasmania before returning to work on the family farm. Owner of a White Suffolk sheep stud. Current vice-president of the Deloraine Show Society. Secretarial and administrative experience through past involvement with local sporting groups.
Special responsibilities:	Marketing and Communications Committee
Name:	Kim Maree Anne Rootes
Title:	Non-executive director
Experience and expertise:	School Business Manager. Worked for Tasmania Temptations from 1983-1994.
Special responsibilities:	Company Secretary, Governance and Audit Committee
Name:	Jason Donald Taylor
Title:	Non-executive director
Experience and expertise:	Deloraine Community Big band, Bachelor of Agricultural Science, Agronomist, Agricultural contractor, Deloraine Apex Club, JFH Student Club Committee President.
Special responsibilities:	Nil.
Name:	Kristopher Kenneth Eade
Title:	Non-executive Director (resigned 24 July 2024)
Experience and expertise:	Current director of Facilities at St Patrick's College, previously Team Leader Facilities at Meander Valley Council.
Special responsibilities:	Governance and Audit Committee

No directors have material interest in contracts or proposed contracts with the company.

Company secretary

The company secretary is Kim Maree Anne Rootes. Kim was appointed to the position of company secretary on 25 November 2021.

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 \$89,519 (30 June 2024: \$85,905).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2025 \$	2024 \$
Fully franked dividend of 10 cents per share (2024: 10 cents)	<u>65,000</u>	<u>65,000</u>

Matters subsequent to the end of the financial year

On 20 July 2025, the Company renewed its Community Bank franchise agreement with Bendigo and Adelaide Bank Limited for a further term of five years. This renewal provides the Company with continued rights to operate as a Community Bank branch until July 2030. No other matters or circumstances have arisen since balance date that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Director's report (continued)

Meander Valley Financial Services Limited Directors' report 30 June 2025

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

Likely developments

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
Melinda Kaye Norton	11	10
Laura Jane Richardson	11	9
Graham Stephen Dent	11	11
Anne Margaret Harvey	11	11
Barry Gordon Pearn	11	11
Andrew Raymond Johnston	11	10
Carmen Elizabeth Cresswell	11	9
Kim Maree Anne Rootes	11	11
Jason Donald Taylor	11	8
Kristopher Kenneth Eade	-	-

Directors' benefits

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

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Melinda Kaye Norton	500	-	500
Laura Jane Richardson	751	2,000	2,751
Graham Stephen Dent	28,000	-	28,000
Anne Margaret Harvey	1,000	-	1,000
Barry Gordon Pearn	-	-	-
Andrew Raymond Johnston	500	-	500
Carmen Elizabeth Cresswell	1,000	-	1,000
Kim Maree Anne Rootes	-	-	-
Jason Donald Taylor	-	-	-
Kristopher Kenneth Eade	-	-	-

Shares under option

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

Director's report (continued)

Meander Valley Financial Services Limited Directors' report 30 June 2025

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.

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


Anne Margaret Harvey
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 Meander Valley Financial Services Limited

As lead auditor for the audit of Meander Valley 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 'Adrian Downing'.

Adrian Downing
Lead Auditor

Financial statements

Meander Valley 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	1,564,488	1,668,437
Other revenue		74	-
Finance revenue		16,260	17,037
Total revenue		<u>1,580,822</u>	<u>1,685,474</u>
Employee benefits expense	7	(605,652)	(552,081)
Advertising and marketing costs		(34,719)	(21,241)
Occupancy and associated costs		(31,847)	(33,281)
System costs		(21,223)	(17,642)
Depreciation and amortisation expense	7	(83,914)	(81,952)
Finance costs	7	(6,842)	(7,781)
General administration expenses		(124,496)	(131,566)
Total expenses before community contributions and income tax		<u>(908,693)</u>	<u>(845,544)</u>
Profit before community contributions and income tax expense		672,129	839,930
Charitable donations, sponsorships and grants expense	7	<u>(551,467)</u>	<u>(724,107)</u>
Profit before income tax expense		120,662	115,823
Income tax expense	8	<u>(31,143)</u>	<u>(29,918)</u>
Profit after income tax expense for the year		89,519	85,905
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>89,519</u></u>	<u><u>85,905</u></u>
		Cents	Cents
Basic earnings per share	25	13.77	13.22
Diluted earnings per share	25	13.77	13.22

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

Financial statements (continued)

Meander Valley Financial Services Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	34,159	30,961
Trade and other receivables	10	90,401	131,067
Investments	11	308,730	437,501
Current tax assets	8	-	4,807
Total current assets		<u>433,290</u>	<u>604,336</u>
Non-current assets			
Property, plant and equipment	12	210,938	246,063
Right-of-use assets	13	163,816	189,802
Intangible assets	14	-	12,971
Total non-current assets		<u>374,754</u>	<u>448,836</u>
Total assets		<u>808,044</u>	<u>1,053,172</u>
Liabilities			
Current liabilities			
Trade and other payables	15	117,230	358,255
Lease liabilities	16	37,516	36,402
Current tax liabilities	8	1,121	-
Total current liabilities		<u>155,867</u>	<u>394,657</u>
Non-current liabilities			
Lease liabilities	16	140,330	166,666
Deferred tax liabilities	8	16,397	21,075
Provisions		4,608	4,451
Total non-current liabilities		<u>161,335</u>	<u>192,192</u>
Total liabilities		<u>317,202</u>	<u>586,849</u>
Net assets		<u>490,842</u>	<u>466,323</u>
Equity			
Issued capital	17	618,894	618,894
Accumulated losses		<u>(128,052)</u>	<u>(152,571)</u>
Total equity		<u>490,842</u>	<u>466,323</u>

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

Financial statements (continued)

Meander Valley Financial Services Limited Statement of changes in equity For the year ended 30 June 2025

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023		618,894	(173,476)	445,418
Profit after income tax expense		-	85,905	85,905
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	85,905	85,905
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(65,000)	(65,000)
Balance at 30 June 2024		<u>618,894</u>	<u>(152,571)</u>	<u>466,323</u>
 Balance at 1 July 2024		 618,894	 (152,571)	 466,323
Profit after income tax expense		-	89,519	89,519
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	89,519	89,519
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(65,000)	(65,000)
Balance at 30 June 2025		<u>618,894</u>	<u>(128,052)</u>	<u>490,842</u>

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

Financial statements (continued)

Meander Valley 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)		1,741,605	1,847,919
Payments to suppliers and employees (inclusive of GST)		(1,731,714)	(1,542,693)
Interest received		16,260	17,037
Interest and other finance costs paid		-	(205)
Income taxes paid		(30,603)	(51,415)
Net cash provided by/(used in) operating activities	24	(4,452)	270,643
Cash flows from investing activities			
Redemption of/(investment in) term deposits		128,771	(119,690)
Payments for property, plant and equipment	12	(3,619)	(50,584)
Payments for intangible assets		(14,383)	(14,383)
Net cash provided by/(used in) investing activities		110,769	(184,657)
Cash flows from financing activities			
Interest and other finance costs paid		(6,684)	(7,423)
Dividends paid	19	(65,000)	(65,000)
Repayment of lease liabilities		(31,435)	(27,139)
Net cash used in financing activities		(103,119)	(99,562)
Net increase/(decrease) in cash and cash equivalents		3,198	(13,576)
Cash and cash equivalents at the beginning of the financial year		30,961	44,537
Cash and cash equivalents at the end of the financial year	9	<u>34,159</u>	<u>30,961</u>

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

Notes to the financial statements

Meander Valley Financial Services Limited **Notes to the financial statements** **30 June 2025**

Note 1. Reporting entity

The financial statements cover Meander Valley 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 49 Emu Bay Road, Deloraine TAS 7304

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. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets

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

Notes to the financial statements (continued)

Meander Valley Financial Services Limited **Notes to the financial statements** **30 June 2025**

Note 3. Material accounting policy information (continued)

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

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

Notes to the financial statements (continued)

Meander Valley Financial Services Limited **Notes to the financial statements** **30 June 2025**

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

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

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

Impairment of non-financial assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions. The directors did not identify any impairment indications during the financial year.

Recovery of deferred tax assets

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

Lease term

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

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

Lease make good provision

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

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in July 2030.

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

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2025	2024
	\$	\$
Margin income	1,387,193	1,428,817
Fee income	79,905	79,934
Commission income	97,390	159,686
	<u>1,564,488</u>	<u>1,668,437</u>

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 6. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers

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

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

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

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

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

Revenue calculation

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

Margin income

Margin 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 Group 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.

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 6. Revenue from contracts with customers (continued)

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	481,301	432,760
Superannuation contributions	55,519	50,675
Expenses related to long service leave	4,694	5,477
Other expenses	64,138	63,169
	<u>605,652</u>	<u>552,081</u>

Accounting policy for employee benefits

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

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	21,491	20,842
Plant and equipment	9,237	6,729
Motor vehicles	8,016	10,689
	<u>38,744</u>	<u>38,260</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>32,199</u>	<u>30,722</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,161	2,162
Franchise renewal fee	10,810	10,808
	<u>12,971</u>	<u>12,970</u>
	<u>83,914</u>	<u>81,952</u>

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 7. Expenses (continued)

Finance costs

	2025 \$	2024 \$
Lease interest expense	6,684	7,424
Unwinding of make good provision	158	153
Other	-	204
	<u>6,842</u>	<u>7,781</u>

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

Charitable donations, sponsorships and grants expense

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	354,012	78,561
Contribution to the Community Enterprise Foundation™	<u>197,455</u>	<u>645,546</u>
	<u>551,467</u>	<u>724,107</u>

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

The funds contributed to and held by the Community Enterprise Foundation™ (CEF) 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 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	35,821	32,738
Movement in deferred tax	<u>(4,678)</u>	<u>(2,820)</u>
Aggregate income tax expense	<u>31,143</u>	<u>29,918</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>120,662</u>	<u>115,823</u>
Tax at the statutory tax rate of 25%	30,166	28,956
Tax effect of:		
Non-deductible expenses	<u>977</u>	<u>962</u>
Income tax expense	<u>31,143</u>	<u>29,918</u>

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 8. Income tax (continued)

	2025 \$	2024 \$
<i>Deferred tax (assets)/liabilities</i>		
Property, plant and equipment	21,612	26,528
Right-of-use assets	40,954	47,450
Lease liabilities	(44,462)	(50,767)
Provision for lease make good	(1,152)	(1,113)
Accrued expenses	(555)	(1,023)
Deferred tax liability	<u>16,397</u>	<u>21,075</u>
	2025 \$	2024 \$
Income tax refund due	<u>-</u>	<u>4,807</u>
	2025 \$	2024 \$
Provision for income tax	<u>1,121</u>	<u>-</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>34,159</u>	<u>30,961</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>77,499</u>	<u>98,089</u>
Other receivables and accruals	3,314	24,213
Prepayments	<u>9,588</u>	<u>8,765</u>
	<u>12,902</u>	<u>32,978</u>
	<u>90,401</u>	<u>131,067</u>

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 10. Trade and other receivables (continued)

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	308,730	437,501

Note 12. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	311,930	322,200
Less: Accumulated depreciation	(179,988)	(158,760)
	131,942	163,440
Plant and equipment - at cost	159,713	146,087
Less: Accumulated depreciation	(104,765)	(95,528)
	54,948	50,559
Motor vehicles - at cost	43,680	43,680
Less: Accumulated depreciation	(19,632)	(11,616)
	24,048	32,064
	210,938	246,063

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 Vehicle \$	Total \$
Balance at 1 July 2023	151,438	39,548	42,753	233,739
Additions	32,844	17,740	-	50,584
Depreciation	(20,842)	(6,729)	(10,689)	(38,260)
Balance at 30 June 2024	163,440	50,559	32,064	246,063
Additions	307	3,312	-	3,619
Transfers in/(out)	(10,314)	10,314	-	-
Depreciation	(21,491)	(9,237)	(8,016)	(38,744)
Balance at 30 June 2025	131,942	54,948	24,048	210,938

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.

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 12. Property, plant and equipment (continued)

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	10 years
Plant and equipment	2 to 10 years
Motor vehicle	4 years

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

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

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

Note 13. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	328,427	322,214
Less: Accumulated depreciation	(164,611)	(132,412)
	<u>163,816</u>	<u>189,802</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	206,896
Remeasurement adjustments	13,628
Depreciation expense	<u>(30,722)</u>
Balance at 30 June 2024	189,802
Remeasurement adjustments	6,213
Depreciation expense	<u>(32,199)</u>
Balance at 30 June 2025	<u>163,816</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.

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 14. Intangible assets

	2025 \$	2024 \$
Franchise fee	93,722	93,722
Less: Accumulated amortisation	(93,722)	(91,561)
	-	2,161
Franchise renewal fee	168,613	168,613
Less: Accumulated amortisation	(168,613)	(157,803)
	-	10,810
	-	12,971

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	4,323	21,618	25,941
Amortisation expense	(2,162)	(10,808)	(12,970)
Balance at 30 June 2024	2,161	10,810	12,971
Amortisation expense	(2,161)	(10,810)	(12,971)
Balance at 30 June 2025	-	-	-

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)	July 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2030

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.

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 15. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	102,514	326,817
Other payables and accruals	14,716	31,438
	<u>117,230</u>	<u>358,255</u>

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>37,516</u>	<u>36,402</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>140,330</u>	<u>166,666</u>

Reconciliation of lease liabilities

	2025 \$	2024 \$
Opening balance	203,068	216,579
Remeasurement adjustments	6,213	13,627
Lease interest expense	6,684	7,424
Lease payments - total cash outflow	<u>(38,119)</u>	<u>(34,562)</u>
	<u>177,846</u>	<u>203,068</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
Branch	3.54%	5 years	1 x 5 years	Yes	July 2030

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	650,000	650,000	650,000	650,000
Less: Equity raising costs	-	-	(31,106)	(31,106)
	<u>650,000</u>	<u>650,000</u>	<u>618,894</u>	<u>618,894</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 316. As at the date of this report, the company had 333 shareholders (2024: 336 shareholders).

Notes to the financial statements (continued)

Meander Valley Financial Services Limited **Notes to the financial statements** **30 June 2025**

Note 17. Issued capital (continued)

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 18. Capital management

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

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

The distribution limit is the greater of:

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

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

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

Note 19. Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 10 cents per share (2024: 10 cents)	<u>65,000</u>	<u>65,000</u>

Notes to the financial statements (continued)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 19. Dividends (continued)

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	36,623	6,875
Franking credits (debits) arising from income taxes paid (refunded)	30,603	51,415
Franking debits from the payment of franked distributions	(21,667)	(21,667)
	<u>45,559</u>	<u>36,623</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	45,559	36,623
Franking credits (debits) that will arise from payment (refund) of income tax	9,796	4,579
Franking credits available for future reporting periods	<u>55,355</u>	<u>41,202</u>

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

Accounting policy for dividends

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

Note 20. Financial risk management

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

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)	77,499	98,089
Cash and cash equivalents (note 9)	34,159	30,961
Investments (note 11)	<u>308,730</u>	<u>437,501</u>
	<u>420,388</u>	<u>566,551</u>
Financial liabilities		
Trade and other payables (note 15)	117,230	358,255
Lease liabilities (note 16)	<u>177,846</u>	<u>203,068</u>
	<u>295,076</u>	<u>561,323</u>

Notes to the financial statements (continued)

Meander Valley Financial Services Limited **Notes to the financial statements** **30 June 2025**

Note 20. Financial risk management (continued)

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

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

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

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Financial risk management

The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the board.

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 \$34,159 and term deposits of \$308,730 at 30 June 2025 (2024: \$30,961 and \$437,501).

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)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

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	117,230	-	-	117,230
Lease liabilities	38,120	152,479	3,177	193,776
Total non-derivatives	155,350	152,479	3,177	311,006
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	358,255	-	-	358,255
Lease liabilities	36,402	147,952	40,070	224,424
Total non-derivatives	394,657	147,952	40,070	582,679

Note 21. Key management personnel disclosures

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

Melinda Kaye Norton
Graham Stephen Dent
Barry Gordon Pearn
Carmen Elizabeth Cresswell
Laura Jane Richardson

Anne Margaret Harvey
Andrew Raymond Johnston
Kim Maree Anne Rootes
Jason Donald Taylor
Kristopher Kenneth Eade

Key management personnel compensation comprised the following.

	2025 \$	2024 \$
Short-term employee benefits	24,000	16,000
Post-employment benefits	2,760	1,760
	<u>26,760</u>	<u>17,760</u>

Compensation of the company's key management personnel includes salaries and contributions to a post-employment defined contribution plan.

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)

Meander Valley Financial Services Limited Notes to the financial statements 30 June 2025

Note 22. Related party transactions (continued)

Transactions with related parties

The company sponsored, granted or donated to entities where a director or close family member is on the board/committee.
The total amount was: 2025 \$66,000

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	6,450
<i>Other services</i>		
General advisory services	3,130	3,245
Share registry services	6,736	5,223
	9,866	8,468
	17,796	14,918

Note 24. Reconciliation of profit after income tax to net cash provided by/(used in) operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	89,519	85,905
Adjustments for:		
Depreciation and amortisation	83,914	81,952
Lease liabilities interest	6,684	7,423
Change in operating assets and liabilities:		
Decrease in trade and other receivables	40,666	22,475
Decrease/(increase) in income tax refund due	4,097	(4)
Increase/(decrease) in trade and other payables	(225,932)	94,216
Increase/(decrease) in provision for income tax	1,121	(18,673)
Decrease in deferred tax liabilities	(4,678)	(2,820)
Increase in other provisions	157	169
Net cash provided by/(used in) operating activities	(4,452)	270,643

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	89,519	85,905
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	650,000	650,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	650,000	650,000

Notes to the financial statements (continued)

Meander Valley Financial Services Limited **Notes to the financial statements** **30 June 2025**

Note 25. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	13.77	13.22
Diluted earnings per share	13.77	13.22

Accounting policy for earnings per share

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

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

On 20 July 2025, the Company renewed its Community Bank franchise agreement with Bendigo and Adelaide Bank Limited for a further term of five years. This renewal provides the Company with continued rights to operate as a Community Bank branch until July 2030. No other matters or circumstances have arisen since balance date that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

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

Director's declaration

Meander Valley 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



Anne Margaret Harvey
Chair

22 September 2025

Independent auditor's 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 Meander Valley Financial Services Limited Report on the audit of the financial report

Our opinion

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

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

Basis for opinion

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

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

Other information

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

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

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

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

Independent auditor's report (continued)

Independence

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

Responsibilities of the directors for the financial report

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

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

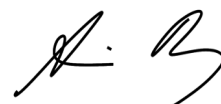
Auditor's responsibilities for the audit of the financial report

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

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



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



Adrian Downing
Lead Auditor

Notes

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