

Annual Report 2025

Mooroolbark & District
Financial Services Limited

Community Bank
Mooroolbark

ABN 45 098 234 354



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Chair's report

For year ending 30 June 2025

Community Bank Mooroolbark has again had a very successful twelve months in which it has continued to grow and expand in all its areas of banking. This has enabled us to continue to support local sporting groups, service clubs and community organisations.

I would like to take the opportunity to thank all of our customers and shareholders for their continued support over the past twelve months.

I also wish to thank Manjula ('Manji') Wijesiri who was appointed as our Branch Manager late last year, together with the branch staff for all their dedicated service to Community Bank Mooroolbark. The bank's success is, in no small way, attributable to their commitment and passion for our business.

Thanks also go members of the Board who have again been most supportive of our business, continued to participate in and support Community Programs and dealt positively with issues effecting the Community Bank.

As communicated last year, we sold the property at 56 Brice Avenue, Mooroolbark and purchased the property at 6 Brice Avenue, Mooroolbark. Renovation of 6 Brice Avenue has commenced and, once completed, will become the permanent site of Community Bank Mooroolbark. The Board, staff and I are looking forward to relocating the business with a high degree of anticipation. The current expectation is that relocation will be complete by Easter 2026.

I feel privileged to be chair of Community Bank Mooroolbark and have every confidence in our Directors, staff and the future, successful operation of our business.

Greg Green
Chair

Manager's report

For year ending 30 June 2025

Having been promoted to Branch Manager of Community Bank Mooroolbark in November 2024, I am truly loving the opportunity to lead this branch and be an active part of our vibrant community. Engaging in numerous community activities and building relationships with key stakeholders has been a rewarding experience, and I am excited to continue fostering these connections.

This past year presented various challenges, mainly due to economic conditions. Despite these difficulties, our team's resilience shone through. I sincerely thank our dedicated staff, for their unwavering commitment to the business. Special gratitude goes to Board staff for their endless support and to our Marketing Manager, for his exceptional assistance in strengthening our community presence.

Despite a challenging year marked by interest rate rises, Community Bank Mooroolbark achieved a remarkable lending milestone of \$60 million by the end of the financial year. Both our lending and deposit balances have grown, now standing over \$240 million in total. We have also seen growth in insurance, wealth products, and business banking, reflecting the trust our expanding customer base places in us as the only bank in Mooroolbark. On top of this, I am thrilled to share that the Community Bank Mooroolbark Branch received two awards at the regional awards ceremony: the Lending Growth Award and the Deposit Award. My heartfelt thanks go to the Community Bank Mooroolbark branch team for their dedication and hard work in making these achievements possible.

I extend my heartfelt thanks to all of our supportive Board members. Special mentions goes to our Board Directors, led by Chairman Greg Green, alongside other Board Directors and members, for their guidance and encouragement. To our customers and shareholders, thank you for choosing Community Bank Mooroolbark. Your support enables us to make a meaningful impact in our local community.

With recent interest rate cuts, we anticipate further growth in our lending portfolio, which will allow us to support even more community members in achieving their goals. I encourage everyone to continue spreading the word, the more people who support our branch, the greater the support we can provide to the Mooroolbark community.

Kindest regards,

Manji Wijesiri
Branch Manager

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:	Gregory Brian Green
Title:	Non-executive director
Experience and expertise:	Gregory is retired. Gregory has a Bachelor of Business (Banking & Finance) from the University of South Australia and spent 36 years with ANZ, the last 20 of which were principally in a risk (credit) roll specialising in commercial property. This included 2 years in New Zealand as Senior Credit Manager, Property Risk, 3 months in Port Moresby (2010) as Acting Head of Risk for ANZ Pacific North West Region. Gregory also has 8 years experience with NAB as a Credit Manager in Business Banking. He is a Life member of Croydon North Cricket Club, a member of the 39th Infantry Battalion (1941-43) Association Inc., a member of the Mount Evelyn RSL sub-branch and a member of the Adelaide Football Club.
Special responsibilities:	Chair
Name:	Richard Kim Nicholas
Title:	Non-executive director
Experience and expertise:	Richard is a Real Estate Agent. Member of A.R.E.I. and G.A.I.C.D. Licenced estate agent. Director of Coulter Nicholas Pty Ltd.
Special responsibilities:	Secretary and Chairman of the Sponsorship & Marketing Committee
Name:	David Lynton Wright
Title:	Non-executive director
Experience and expertise:	David holds a Bachelor of Accounting and is member of CPA Australia (Financial Services), having been involved in public practice for over 30 years.
Special responsibilities:	Member of the Sponsorship and Marketing Committee
Name:	Richard Leigh Higgins
Title:	Non-executive director
Experience and expertise:	Richard is a Police Officer. Richard previously performed the roles of Mayor and deputy Mayor of Yarra Ranges Council. He has eight years experience as a Councillor on Yarra Ranges Council. Current member of the Yarra Ranges Audit and Review Committee (2 years). He has served on the board for the past seven years. Previous experience includes six years on the MARP (Maroondah Addicts Recovery Program), Lilydale.
Special responsibilities:	Nil
Name:	Carolyn Anne Geyer
Title:	Non-executive director
Experience and expertise:	Carolyn is the proud mother of 3 amazing adult children and 6 even more amazing grandchildren. Carolyn is the Principal of Geyer Accountants in Croydon South. She acquired her degree in accounting and went on to do a Masters in Practising Accounting in 2004. Carolyn has been running her own business for approx. 15 years and has held previous roles as an accounting teacher and an assistant accountant with one of Australia's largest retailers.
Special responsibilities:	Treasurer
Name:	Sophie Todorov
Title:	Non-executive director
Experience and expertise:	Sophie is an Emergency Services Victoria worker and holds a Bachelor of Arts. She was Councillor for Melba ward and Yarra Ranges Council from 2020 to 2024. Sophie was delegate for the Health & Wellbeing Advisory committee and Municipal Emergency Management Plan committee as well as Yarra Ranges Council in 2024.
Special responsibilities:	Nil

Directors' report (continued)

Name:	Geoff Stewart Earney
Title:	Non-executive director (<i>appointed 7 July 2024</i>)
Experience and expertise:	Geoff has lived in Mooroolbark since 1970 and after completing his National Service and serving in Vietnam he has worked in real estate at Methven real estate since 1972. He worked with his father Jim until he retired in 1986 when he and his business partner took over running the business. In 1983 they joined the Professionals Group and grew the business to 4 offices at Croydon, Mooroolbark, Lilydale and Mt Evelyn. He was on the board of the Professional Group for 15 years. In 2024 they sold the business to Jellis Craig. Geoff has been supported by his wife Marilyn and has been lucky to work with their 2 sons, Greg and Brent, within the business. He has been a member of Mooroolbark Traders and Community Group for many years and has been president since 2013. Geoff is a life member of Mooroolbark CFA and was captain for 12 years.
Special responsibilities:	Nil
Name:	Sarah Elizabeth Aston
Title:	Non-executive director (<i>appointed 7 July 2024</i>)
Experience and expertise:	Sarah is a Director of Embark Tax Services in Mooroolbark and has a Bachelor of Business (Accountancy), Master of Business (Accounting), is a member of CPA and a registered Tax agent. She also is the Treasurer at Kilsyth & Mountain District Basketball Association, Vice-President at the Eastern Eagles Basketball Club, a director of the charity Share a Little Truth Ltd and a committee member for the Mooroolbark Traders and Community Group.
Special responsibilities:	Nil
Name:	Anthony Michael Wright
Title:	Non-executive director (<i>resigned 19 August 2024</i>)
Experience and expertise:	Anthony is a Lawyer. He is currently a member of the Footman Foundation and the Foundation's Board, Board member of the Footman Charitable Trust, member of the Croydon Rotary club for over 20 years, practicing lawyer in the Croydon area for over 35 years, and legal advisor to Croydon Main Street Traders. Past member of the Business Advisory Board and Audit Advisory Committee at Maroondah City Council, past President and Secretary of the Footman Foundation. Past President, Secretary, and Committee member of Croydon Rotary Club, past Committee member of the Croydon Chamber of Commerce.

Company secretary

The Company secretary is Richard Kim Nicholas. Richard was appointed to the position of Company secretary on 15 August 2018.

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 \$613,895 (2024: \$538,927).

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 8 cents per share (2024: 8 cents)	<u>50,337</u>	<u>50,337</u>

Directors' report (continued)

Significant changes in the state of affairs

On 17 July 2024, the company sold its investment property located at 56 Brice Avenue, Mooroolbark, for \$548,000, with settlement occurring on 18 September 2024. As a result, the company recorded a net gain on disposal of \$151,726. This asset was classified as a non-current asset held for sale in the company's 30 June 2024 annual financial report.

There were no other 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

During the reporting period, the company commenced planning works for refurbishment works on its property at 6 Brice Avenue, Mooroolbark, which is intended to become the company's future branch premises. The company's current branch operates from a leased property under an agreement that expires in 2032, located at 66-76 Brice Avenue, Mooroolbark.

As the refurbishment works remain in the planning stage and capital works have not yet commenced, no final decision has been made regarding the company's relocation strategy. However, upon relocating, the company will need to either negotiate an early termination of its existing lease, or enter into a sub-lease arrangement for the leased premises.

The directors are actively assessing both options and will provide further updates as the project progresses and a definitive course of action is determined. The directors have not yet identified any indicators of impairment in relation to the leased property.

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

Environmental regulation

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

Meetings of directors

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

	Board		Audit Committee		Marketing Committee		Human Resources Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Gregory Brian Green	6	6	2	2	-	-	-	-
Richard Kim Nicholas	6	5	-	-	2	2	2	2
David Lynton Wright	6	6	-	-	2	2	-	-
Richard Leigh Higgins	6	5	-	-	-	-	-	-
Carolyn Anne Geyer	6	5	2	2	-	-	2	2
Sophie Todorov	6	5	-	-	-	-	-	-
Geoff Stewart Earney	6	6	-	-	-	-	-	-
Sarah Elizabeth Aston	6	5	-	-	-	-	-	-
Anthony Michael Wright	-	-	-	-	-	-	-	-

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 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Gregory Brian Green	1,000	-	1,000
Richard Kim Nicholas	500	-	500
David Lynton Wright	-	-	-
Richard Leigh Higgins	-	-	-
Carolyn Anne Geyer	11,000	-	11,000
Sophie Todorov	-	-	-
Geoff Stewart Earney	-	14,000	14,000
Sarah Elizabeth Aston	-	-	-
Anthony Michael Wright	-	-	-

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 manager 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 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.

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 27 to the accounts.

Directors' report (continued)

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

- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services 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



Gregory Brian Green
Chair

30 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 Mooroolbark & District Financial Services Limited

As lead auditor for the audit of Mooroolbark & District 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: 30 September 2025

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

Financial statements

Mooroolbark & District 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	1,646,301	1,598,055
Other revenue	7	159,103	27,420
Finance revenue	8	103,393	90,154
Total revenue		<u>1,908,797</u>	<u>1,715,629</u>
Employee benefits expense	9	(665,507)	(609,547)
Advertising and marketing costs		(43,199)	(15,651)
Occupancy and associated costs		(35,064)	(26,834)
System costs		(27,110)	(20,791)
Depreciation and amortisation expense	9	(48,239)	(58,064)
Finance costs	9	(18,233)	(20,604)
General administration expenses		(102,925)	(109,847)
Total expenses before community contributions and income tax expense		<u>(940,277)</u>	<u>(861,338)</u>
Profit before community contributions and income tax expense		968,520	854,291
Charitable donations and sponsorships expense	9	<u>(149,629)</u>	<u>(136,322)</u>
Profit before income tax expense		818,891	717,969
Income tax expense	10	<u>(204,996)</u>	<u>(179,042)</u>
Profit after income tax expense for the year		613,895	538,927
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>613,895</u>	<u>538,927</u>
		Cents	Cents
Basic earnings per share	29	97.57	85.65
Diluted earnings per share	29	97.57	85.65

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

Financial statements (continued)

Mooroolbark & District Financial Services Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	11	144,514	211,963
Trade and other receivables	12	159,333	145,610
Investments	13	2,392,201	1,502,402
Non-current assets classified as held for sale	16	-	384,779
Total current assets		<u>2,696,048</u>	<u>2,244,754</u>
Non-current assets			
Property, plant and equipment	14	852,307	849,052
Right-of-use assets	15	159,423	183,020
Intangible assets	17	24,151	37,324
Deferred tax assets	10	55,944	65,013
Total non-current assets		<u>1,091,825</u>	<u>1,134,409</u>
Total assets		<u>3,787,873</u>	<u>3,379,163</u>
Liabilities			
Current liabilities			
Trade and other payables	18	80,140	56,813
Lease liabilities	19	52,645	52,645
Current tax liabilities	10	46,737	167,287
Employee benefits	20	112,091	115,765
Total current liabilities		<u>291,613</u>	<u>392,510</u>
Non-current liabilities			
Trade and other payables	18	-	14,651
Lease liabilities	19	254,469	291,407
Employee benefits	20	2,763	6,021
Provisions		17,537	16,641
Total non-current liabilities		<u>274,769</u>	<u>328,720</u>
Total liabilities		<u>566,382</u>	<u>721,230</u>
Net assets		<u>3,221,491</u>	<u>2,657,933</u>
Equity			
Issued capital	21	629,209	629,209
Retained earnings		<u>2,592,282</u>	<u>2,028,724</u>
Total equity		<u>3,221,491</u>	<u>2,657,933</u>

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

Financial statements (continued)

Mooroolbark & District Financial Services Limited Statement of changes in equity For the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		629,209	1,540,134	2,169,343
Profit after income tax expense		-	538,927	538,927
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	538,927	538,927
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	23	-	(50,337)	(50,337)
Balance at 30 June 2024		<u>629,209</u>	<u>2,028,724</u>	<u>2,657,933</u>
 Balance at 1 July 2024		 629,209	 2,028,724	 2,657,933
Profit after income tax expense		-	613,895	613,895
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	613,895	613,895
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	23	-	(50,337)	(50,337)
Balance at 30 June 2025		<u>629,209</u>	<u>2,592,282</u>	<u>3,221,491</u>

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

Financial statements (continued)

Mooroolbark & District 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)		1,827,876	1,798,248
Payments to suppliers and employees (inclusive of GST)		(1,184,612)	(1,107,885)
Interest received		80,084	90,154
Interest and other finance costs paid		(348)	(824)
Income taxes paid		(316,477)	(185,222)
Net cash provided by operating activities	28	406,523	594,471
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(889,799)	360,086
Payments for property, plant and equipment		(14,590)	(808,301)
Payments for intangible assets		(13,320)	(13,320)
Proceeds from disposal of property, plant and equipment		548,000	-
Net cash used in investing activities		(369,709)	(461,535)
Cash flows from financing activities			
Interest and other finance costs paid		(16,988)	(18,927)
Dividends paid	23	(50,337)	(50,337)
Repayment of lease liabilities		(36,938)	(35,000)
Net cash used in financing activities		(104,263)	(104,264)
Net increase/(decrease) in cash and cash equivalents		(67,449)	28,672
Cash and cash equivalents at the beginning of the financial year		211,963	183,291
Cash and cash equivalents at the end of the financial year	11	144,514	211,963

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

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

The financial statements cover Mooroolbark & District 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:

Registered office

476 Dorset Road, Croydon South VIC 3136

Principal place of business

66-74 Brice Avenue, Mooroolbark VIC 3138

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 30 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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

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.

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

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

Notes to the financial statements (continued)

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

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

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

Impairment of non-financial assets

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

Recovery of deferred tax assets

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

Lease term

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, 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. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Notes to the financial statements (continued)

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

Employee benefits provision

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

Note 5. Economic dependency

The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in May 2027.

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank.

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	1,497,216	1,454,765
Fee income	52,601	52,951
Commission income	96,484	90,339
	<u>1,646,301</u>	<u>1,598,055</u>

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Accounting policy for revenue from contracts with customers

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

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

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

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

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

Revenue calculation

The franchise agreement provides that three forms of revenue may be earned by the company which are margin, commission and fee income. Bendigo Bank decides the form of revenue the company earns on different types of products and services. The revenue earned by the company is dependent on the business that it generates, 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
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission income

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

Fee income

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

Core banking products

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

Notes to the financial statements (continued)

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. Other revenue

	2025 \$	2024 \$
Net gain on disposal of property, plant and equipment	151,726	-
Rental income	7,377	27,420
	<u>159,103</u>	<u>27,420</u>

During the reporting period the company sold the property at 56 Brice Avenue, Mooroolbark for \$548,000. At 30 June 2024 this property was classified as an asset held for sale. The net gain on disposal was \$151,726.

Note 8. Finance revenue

	2025 \$	2024 \$
Term deposits	<u>103,393</u>	<u>90,154</u>

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

Note 9. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	556,649	518,132
Superannuation contributions	91,265	80,978
Expenses related to long service leave	(4,058)	(14,619)
Other expenses	21,651	25,056
	<u>665,507</u>	<u>609,547</u>

Notes to the financial statements (continued)

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Investment property	134	2,884
Buildings	6,532	3,279
Plant and equipment	2,867	4,770
Furniture and fittings	1,936	2,851
	<u>11,469</u>	<u>13,784</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>23,597</u>	<u>23,661</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,195	3,436
Franchise renewal fee	10,978	17,183
	<u>13,173</u>	<u>20,619</u>
	<u>48,239</u>	<u>58,064</u>

Finance costs

	2025 \$	2024 \$
Lease interest expense	16,988	18,927
Unwinding of make-good provision	897	853
Other	348	824
	<u>18,233</u>	<u>20,604</u>

Charitable donations, sponsorships and grants

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	104,366	96,836
Contribution to the Community Enterprise Foundation™	45,263	39,486
	<u>149,629</u>	<u>136,322</u>

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

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

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

Notes to the financial statements (continued)

Note 10. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	195,927	167,287
Movement in deferred tax	9,069	13,083
Under/over provision in respect to prior years	-	(1,328)
Aggregate income tax expense	<u>204,996</u>	<u>179,042</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>818,891</u>	<u>717,969</u>
Tax at the statutory tax rate of 25%	204,723	179,492
Tax effect of:		
Non-deductible expenses	273	878
Under/over provision in respect to prior years	-	(1,328)
Income tax expense	<u>204,996</u>	<u>179,042</u>
	2025 \$	2024 \$
<i>Deferred tax assets</i>		
Property, plant and equipment	(9,940)	(10,562)
Employee benefits	29,424	31,157
Lease liabilities	76,779	86,013
Provision for lease make good	4,384	4,160
Accrued expenses	980	-
Income accruals	(5,827)	-
Right-of-use assets	(39,856)	(45,755)
Deferred tax asset	<u>55,944</u>	<u>65,013</u>
	2025 \$	2024 \$
Provision for income tax	<u>46,737</u>	<u>167,287</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 for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Notes to the financial statements (continued)

Note 11. Cash and cash equivalents

	2025 \$	2024 \$
Cash on hand	113	152
Cash at bank	144,401	211,811
	<u>144,514</u>	<u>211,963</u>

Note 12. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	136,024	144,625
Accrued income	23,309	-
Prepayments	-	985
	<u>23,309</u>	<u>985</u>
	<u>159,333</u>	<u>145,610</u>

Note 13. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	2,392,201	1,502,402
	<u>2,392,201</u>	<u>1,502,402</u>

Note 14. Property, plant and equipment

	2025 \$	2024 \$
Land - at cost	390,000	390,000
Buildings - at cost	616,135	616,135
Less: Accumulated depreciation	(198,437)	(191,905)
	<u>417,698</u>	<u>424,230</u>
Plant and equipment - at cost	88,620	86,338
Less: Accumulated depreciation	(60,317)	(57,450)
	<u>28,303</u>	<u>28,888</u>
Fixtures and fittings - at cost	70,292	61,694
Less: Accumulated depreciation	(57,696)	(55,760)
	<u>12,596</u>	<u>5,934</u>
Work in progress	3,710	-
	<u>852,307</u>	<u>849,052</u>

Notes to the financial statements (continued)

Note 14. Property, plant and equipment (continued)

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

	Land \$	Buildings \$	Plant and equipment \$	Fixtures and fittings \$	Work in progress \$	Total \$
Balance at 1 July 2023	-	24,914	17,952	8,785	-	51,651
Additions	390,000	402,595	15,706	-	-	808,301
Depreciation	-	(3,279)	(4,770)	(2,851)	-	(10,900)
Balance at 30 June 2024	390,000	424,230	28,888	5,934	-	849,052
Additions	-	-	2,282	8,598	3,710	14,590
Depreciation	-	(6,532)	(2,867)	(1,936)	-	(11,335)
Balance at 30 June 2025	<u>390,000</u>	<u>417,698</u>	<u>28,303</u>	<u>12,596</u>	<u>3,710</u>	<u>852,307</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:

Building	40 years
Plant and equipment	5 to 10 years
Fixtures and fittings	5 to 40 years

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

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 15. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	301,132	301,132
Less: Accumulated depreciation	<u>(141,709)</u>	<u>(118,112)</u>
	<u>159,423</u>	<u>183,020</u>

Notes to the financial statements (continued)

Note 15. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2023	202,846
Remeasurement adjustments	3,835
Depreciation expense	(23,661)
Balance at 30 June 2024	183,020
Depreciation expense	(23,597)
Balance at 30 June 2025	159,423

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 19 for more information on lease arrangements.

Note 16. Non-current assets classified as held for sale

	2025 \$	2024 \$
<i>Current assets</i>		
Land	-	296,657
Buildings	-	88,122
	-	384,779

For further details refer to note 7 'Other revenue'.

Accounting policy for non-current assets classified as held for sale

Non-current assets and classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale are presented separately on the face of the statement of financial position, in current assets.

Notes to the financial statements (continued)

Note 17. Intangible assets

	2025 \$	2024 \$
Franchise fee	133,723	133,723
Less: Accumulated amortisation	(129,698)	(127,503)
	<u>4,025</u>	<u>6,220</u>
Franchise renewal fee	145,871	145,871
Less: Accumulated amortisation	(125,745)	(114,767)
	<u>20,126</u>	<u>31,104</u>
	<u><u>24,151</u></u>	<u><u>37,324</u></u>

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	9,656	48,287	57,943
Amortisation expense	<u>(3,436)</u>	<u>(17,183)</u>	<u>(20,619)</u>
Balance at 30 June 2024	6,220	31,104	37,324
Amortisation expense	<u>(2,195)</u>	<u>(10,978)</u>	<u>(13,173)</u>
Balance at 30 June 2025	<u><u>4,025</u></u>	<u><u>20,126</u></u>	<u><u>24,151</u></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)	May 2027
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	May 2027

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

Notes to the financial statements (continued)

Note 18. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	6,909	8,642
Other payables and accruals	73,231	48,171
	<u>80,140</u>	<u>56,813</u>
<i>Non-current liabilities</i>		
Other payables and accruals	-	14,651
	<u>-</u>	<u>14,651</u>
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	80,140	71,464
less other payables and accruals (net GST payable to the ATO)	(14,546)	(12,033)
	<u>65,594</u>	<u>59,431</u>

Note 19. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	52,645	52,645
	<u>52,645</u>	<u>52,645</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	254,469	291,407
	<u>254,469</u>	<u>291,407</u>
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	344,052	375,541
Remeasurement adjustments	-	3,511
Lease interest expense	16,988	18,927
Lease payments - total cash outflow	(53,926)	(53,927)
	<u>307,114</u>	<u>344,052</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.

Notes to the financial statements (continued)

Note 19. Lease liabilities (continued)

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	5.39%	10 years	No	N/A	March 2032

Note 20. Employee benefits

	2025 \$	2024 \$
<i>Current liabilities</i>		
Annual leave	54,905	57,779
Long service leave	57,186	57,986
	<u>112,091</u>	<u>115,765</u>
<i>Non-current liabilities</i>		
Long service leave	<u>2,763</u>	<u>6,021</u>

Accounting policy for short-term employee benefits

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

Accounting policy for other long-term employee benefits

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

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

Note 21. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	<u>629,209</u>	<u>629,209</u>	<u>629,209</u>	<u>629,209</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

Notes to the financial statements (continued)

Note 21. Issued capital (continued)

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 389. As at the date of this report, the company had 359 shareholders (2024: 366 shareholders).

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

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

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

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

Notes to the financial statements (continued)

Note 22. 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 23. 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 8 cents per share (2024: 8 cents)	50,337	50,337

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	700,175	531,732
Franking credits (debits) arising from income taxes paid (refunded)	316,477	185,222
Franking debits from the payment of franked distributions	(16,779)	(16,779)
	999,873	700,175

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

Balance at the end of the financial year	999,873	700,175
Franking credits (debits) that will arise from payment (refund) of income tax	46,737	167,287
Franking credits available for future reporting periods	1,046,610	867,462

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.

Notes to the financial statements (continued)

Note 24. 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 12)	159,333	144,625
Cash and cash equivalents (note 11)	144,514	211,963
Investments (note 13)	2,392,201	1,502,402
	<u>2,696,048</u>	<u>1,858,990</u>
Financial liabilities at amortised cost		
Trade and other payables (note 18)	65,594	59,431
Lease liabilities (note 19)	307,114	344,052
	<u>372,708</u>	<u>403,483</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.

Notes to the financial statements (continued)

Note 24. Financial risk management (continued)

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and subject to movements in market interest rates. The company held cash and cash equivalents of \$144,514 and investments of \$2,392,201 at 30 June 2025 (2024: \$211,963 and \$1,502,402).

Price risk

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

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	65,594	-	-	65,594
Lease liabilities	53,927	215,708	94,372	364,007
Total non-derivatives	119,521	215,708	94,372	429,601
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	44,780	14,651	-	59,431
Lease liabilities	53,927	215,708	148,299	417,934
Total non-derivatives	98,707	230,359	148,299	477,365

Notes to the financial statements (continued)

Note 25. Key management personnel disclosures

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

Gregory Brian Green
Richard Kim Nicholas
David Lynton Wright
Richard Leigh Higgins
Anthony Michael Wright

Carolyn Anne Geyer
Sophie Todorov
Geoff Stewart Earney
Sarah Elizabeth Aston

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 26. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 25.

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
Carolyn Geyer provided bookkeeping and BAS lodgement services for the company and was also reimbursed for software fees. The total benefit was:	9,573	10,104
The company reimbursed its directors for membership payments for the Institute of Company Directors. The total benefit received was:	1,450	2,400
The company lease a boardroom and offices from Coulter Nicholas Pty Ltd, a company which Richard Nicholas has a majority shareholding. The total benefit received was:	6,000	6,000
The company sponsored events for Mooroolbark Traders and Community Group of which Geoff and Sarah are board members. The total benefit received was:	1,948	-

Note 27. 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	8,680	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	265	700
General advisory services	5,185	3,600
Share registry services	6,563	4,329
	12,013	8,629
	<u>20,693</u>	<u>15,279</u>

Notes to the financial statements (continued)

Note 28. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	613,895	538,927
Adjustments for:		
Depreciation and amortisation	48,239	58,064
Net gain on disposal of non-current assets	(151,726)	-
Other expenses - non-cash	(11,629)	-
Lease liabilities interest	16,988	18,927
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(13,723)	19,856
Decrease in deferred tax assets	9,069	13,083
Increase in trade and other payables	21,996	2,144
Decrease in provision for income tax	(120,550)	(19,263)
Decrease in employee benefits	(6,932)	(38,121)
Increase in other provisions	896	854
Net cash provided by operating activities	<u>406,523</u>	<u>594,471</u>

Note 29. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>613,895</u>	<u>538,927</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>629,209</u>	<u>629,209</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>629,209</u>	<u>629,209</u>

Note 29. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	97.57	85.65
Diluted earnings per share	97.57	85.65

Note 30. Commitments

In the foreseeable future, the company intends to undertake refurbishment works on its property at 6 Brice Avenue, Mooroolbark, which is intended to become the company's future branch premises.

However, at balance date, no binding contract has been executed relating to these works. As such, no capital commitment has been disclosed in the preparation of the company's half-year financial report.

Note 31. Contingencies

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

Note 32. Events after the reporting period

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

Directors' declaration

30 June 2025

In the directors' opinion:

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

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

On behalf of the directors



Gregory Brian Green
Chair

30 September 2025

Independent audit report



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
ABN: 65 684 604 390
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03 5443 0344

Independent auditor's report to the Directors of Mooroolbark & District Financial Services Limited Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Mooroolbark & District 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 Mooroolbark & District Financial Services Limited (the company), which comprises the:

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

Basis for opinion

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

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

Other information

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

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

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

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



Andrew Frewin Stewart
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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: 30 September 2025

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

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