Annual Report 2025

Neerim District Community Enterprise





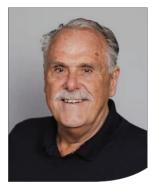
Community Bank Neerim District ABN 46 091 832 923

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Chairman's report

For year ending 30 June 2025





25 Years of Service

25 years serving and supporting the Neerim District – that is the anniversary celebration enjoyed in 2025 by YOUR Community Bank Neerim District. During the year we enjoyed a gathering of the visionary Founders that all those years ago decided that Neerim would not go without banking while all the major banks were abandoning the town. Leadership at the time fell on the shoulders of Paul Bright, our founding Chair, and a small, resolute team of volunteers that raised the funds and negotiated all the details with Bendigo Bank to start our venture.

To all our Founders and past members of the Board of Directors – THANK YOU!

The Community Bank enjoyed another successful year of solid financial performance in a tough economic environment. This was thanks to the excellent work of Samantha Bullen, and the bank staff, working hard to secure growth in a highly competitive market. Our focus, consistent with that of the Bendigo Bank, is to provide exceptional customer

service that builds mutual trust with our customers and stakeholders. The team was justly rewarded this year by Bendigo Bank, winning the West Gippsland Region Branch of the Year along with numerous other individual and team awards. Without this team's continuing success, and the support of the Neerim District community, we would be unable to make financial contributions back to our community.

As I reported last year, Neerim District Financial Services Ltd, the franchise company that operates the Community Bank, has been nationally recognised by Social Traders as a "social enterprise" or what is known as a 'company for good'. To complement this, the Company introduced the new trading name **Neerim District Community Enterprise** that better reflects our purpose. Our mission purpose is not profit for profit's sake, but to help build a "flourishing, healthy and united Neerim District community." We do this in two ways: firstly, by providing a customer-focused banking service to the community, and secondly to support our local community by returning 85% of our profits and providing personnel to support the district.

As a part of this commitment, in March 2025, the Board announced a wide range of grants for more than 20 community groups in our community, including Food Relief Neerim District, Neerim South Primary School, Crossover School Hall, Noojee & District Historical Society, Jindivick Cricket Club, Buln Buln Football Netball Club and Neerim District Bowling Club. In total, the contributions back to the community exceeded \$150,000 for the year enabling us to continue to make our ongoing commitment to a flourishing Neerim District.

Another part of that commitment is by providing a dedicated Community Engagement Manager to support the local community groups well beyond contributions in money. In early 2025, we were sad to lose the services of Sarah Collier in that role as she returned to Europe. However, we are delighted to have recruited Stacey Alfred into the role. Her energy and creativity have already provided a boost to our many active organisations. We welcome Stacey to this key role.

Finally, I want to thank my colleagues on the Board of Directors, for their tireless energy, commitment, and support for all we do. The passion and friendship of this group make all the challenging work worthwhile. We all look forward to continuing in the footsteps of our Founders in helping our vibrant community to flourish.

William Clive Patrickson Chairman

Manager's report

For year ending 30 June 2025



It is with great pleasure that I present my annual financial as Branch Manager of Community Bank Neerim District for the year ending 30 June 2025.

We have continued our focus on ensuring our values and behaviours drive our strategy to achieve success.

As a result, we have had a busy 12 months with interest rates stabilising in 2024, then reductions in both February 2025 and May 2025. With this we also noticed signs of confidence return as customers tried to secure the best rate in a competitive market. Our team have once again been working tirelessly on retaining our relationships with existing

customers whilst building relationships with new customers to grow market share. This has led to a growth total book value. Our highlights this year include growth in our deposits of \$10.7m, growth in our lending of \$5.25m and an increase in new customers of 0.69%.

I am extremely proud of the unchanged dedicated team we have at Community Bank Neerim District. These staff members Cath Zelno, Donna Field, Jenny Cooper and Tara Brusco have all worked tirelessly to help service customers. We pride ourselves on customer service, listening, helping, building rapport, uncovering any needs and goals to provide customers with the best solution possible. To the team once again, I thank you for the continued care you give our customers by providing your knowledge and support.

Clive Patrickson, Chair, and the Board of Directors with their diverse set of skills, ideas and passion for success continue to be an amazing support for the business. They willingly volunteer their time to make sure that Community Bank Neerim District remains strong. The Directors and Company Secretary Mary Patrickson are all to be thanked and congratulated for their ongoing work and dedication. April saw the departure of our Community Engagement Manager, Sarah Collier and in May welcomed a new Community Engagement Manager, Stacey Alfred, a real asset to the business and I thank her for her ongoing support and dedication to her role.

Bendigo and Adelaide Bank Limited continues to be a valued partner and I thank our Regional Manager, Caitlin Cooper and her team for their ongoing support, guidance and partnership.

To our shareholders, Community Groups, Local Clubs and of course our customers, none of this would be possible without your support - thank you.

Moving into the new financial year our strategy is to continue the focus on the growth of the business. I encourage you all to reach out to our Community Groups, family, extended family, friends, acquaintances and encourage them to bring all their banking to our best in class Community Bank.

On behalf of Community Bank Neerim District, we hope to welcome you into our branch and look forward to flourishing year ahead.

Samantha Bullen Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2025

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

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

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

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

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

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

Justine Minne

Head of Community Banking, Bendigo Bank

Directors' report

For the financial year ended 30 June 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Neerim District Financial Services Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, 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:



Dr. Clive Patrickson

Chairman Age: 69

Appointed Director: 01 April 2022

Occupation: Executive Vice President and Registered Legal Practitioner

Clive comes to the Board with international business experience including as CEO of a global medical education company. He holds a Doctor of Philosophy degree in business, a Juris Doctor degree in law, and is a registered legal practitioner. He has had professional and volunteer experience with the not-for-profit sector locally and internationally. He now resides in the town of Neerim South and is committed to the continued development of a thriving Neerim District community being involved in multiple local groups.

Board Committees: HR and Governance Committee, Community Investment and Marketing Committee



Mr. Paul Ford

Deputy Chair

Age: 74

Appointed Director: 27 August 2024

Occupation: Retired Dairy Technologist

Paul is respected for his leadership in Australia's dairy and agribusiness sectors. He has held a diverse array of senior executive positions in large corporate and small specialist organisations in both the private and public sector. Paul is an experienced Board member. Previous appointments have included the Dairy Research & Development Corporation, the Australian Rural Leadership Foundation, Agribusiness Gippsland and the Neerim District Community House & Men's Shed. He is the current President of Food Relief Neerim District. Through his participation on this Board, Paul is motivated to support innovative projects that underpin the strength, prosperity and vitality of small communities across Neerim District.

Board Committees: Community Investment and Marketing Committee

Directors (continued)



Mr. Peter Bain

Director Age: 53

Appointed Director: 27 October 2011 Occupation: Retail Business Owner

Peter was appointed as a director in October 2011 and then as Deputy Chair in October 2018. Peter and his family moved to Neerim South in 2009 and own and run the local I.G.A. Supermarket. Peter has over 35 years' experience in grocery retailing and has a keen interest in supporting community organisations.

Board Committees: Community Investment and Marketing Committee, Finance Committee



Ms. Alison Cleary

Treasurer Age: 51

Appointed Director: 27 August 2019

Occupation: Customer Experience Manager

Alison was appointed as a director in August 2019. Alison has lived in Neerim South for over 20 years with her partner and has two teenage daughters. Alison has been involved in many community groups over the years, including the Kinder, Tennis Club and Basketball Club. Alison brings to the board over 17 years' experience at a major financial institution.

Board Committees: Finance



Mr. Bruce MacDougall

Director Age: 63

Appointed Director: 01 June 2019
Occupation: Retail Business Owner

Bruce joined Neerim District Financial Services at the end of 2017 as Company Secretary and Executive Officer. Bruce is a CPA and comes to us with over 35 years' experience in the Financial Services Industry including many years as CFO of a number of financial institutions both listed and unlisted. Bruce and his wife reside in Neerim South on a cattle and sheep farm they have had for over 12 years.

Board Committees: Finance Committee



Mrs. Christie Bransgrove

Director

Age: 44

Appointed Director: 01 April 2022

Occupation: Acting Principal, Drouin Primary School

Christie is a long-term local who has been involved in the education system since 2004. Christie is now the Principal of the Labertouche Primary School. She is well known in town for being an organiser of community events which include the Christmas Carols and Fireworks and of course, the hugely successful Winter Markets. Christie brings to the board a wealth of professional experience as well as a young family perspective, being the mother of three young girls.

Board Committees: None

Directors (continued)



Mrs. Jennifer Lynne Prout

Director Age: 73

Appointed Director: 25 October 2012

Occupation: Retired

Jennie was the Principal of the Neerim South Primary School. She has been employed by the Department of Education (DE) since 1971. Jennie has been a school principal for more than 35 years at Hallora, Longwarry and Neerim South Primary Schools respectively.

Board Committees: Finance Committee



Ms. Tricia Weickhardt

Director Age: 51

Appointed Director: 2 May 2023

Occupation: Paramedic

Tricia has over 20 years' experience as a paramedic and works in the Baw Baw Shire. Tricia and her family moved to Neerim over 10 years ago and come from a medical/allied health background. She supports the community in a variety of ways including the Pony Club and The Neerim South Primary School Parents and Friends Committee. She is well known for her efforts in organising and participating in fantastic fundraising events such as "Do It for Dolly" Day and Movie Nights.

Board Committees: None



Mary Patrickson

Company secretary

The company secretary is Mary Patrickson. Mary was appointed to the position of company secretary on 6 February 2023.

Mary comes to Neerim District Financial Services with a wealth of international business experience. With a background in marketing and customer service, she worked for 25 years for a world leader in medical education products, before embarking on a career as a consultant in business. She has lived and worked in the USA and Norway, as well as in Australia. She has a strong academic background with both doctorate and master's degrees in business administration. In addition, she is now deeply involved in supporting the Neerim and District community being the Secretary of the Warragul and District Amateur Basketball Association, and Secretary/Treasurer of the local Neerim Wolves Basketball Club.



Stacey Alfred

Community Engagement Manager

Appointed 5 May 2025

Stacey is a communications and administration professional with a strong background in the non-profit and education sectors.

With a Bachelor of Business, a Graduate Diploma in Professional Communication, and ongoing postgraduate study in Writing, Stacey combines strategic thinking with a creative approach to storytelling and community connection.

Passionate about contributing to projects that promote the health and wellbeing of local communities, Stacey thrives in collaborative environments and brings a people-first mindset to navigating change and building meaningful relationships.

Principal activity

The principal activity of the group 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 group after providing for income tax amounted to \$69,854 (30 June 2024: \$64,954).

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.

	Consolidated		
	2025 \$	2024 \$	
Fully franked dividend of 8.3 cents per share (2024: 8.6 cents)	31,459	32,596	

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial year.

Matters subsequent to the end of the financial year

On 1 July 2025, the Organisation entered into a new lease agreement for Unit 1, 143 Main Neerim Road. The lease is for a five-year term, ending 30 June 2040. At commencement, recognition of the lease will increase both the right-of-use asset and the lease liability by \$1,142,136. The lease will be accounted for in accordance with AASB 16 *Leases*.

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

Environmental regulation

The group 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	
Bruce MacDougall	10	8	
Peter Bain	10	10	
Christie Bransgrove	10	8	
Alison Cleary	10	6	
Clive Patrickson	10	10	
Jennifer Lynne Prout	10	8	
Tricia Weickhardt	10	6	
Paul Ford	8	7	
Timothy Kubale	3	2	

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 20 and 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
Bruce MacDougall	-	_	_
Peter Bain	250	-	250
Christie Bransgrove	-	-	-
Alison Cleary	-	-	-
Clive Patrickson	22,000	-	22,000
Jennifer Lynne Prout	2,000	-	2,000
Tricia Weickhardt	-	-	-
Paul Ford	-	-	-
Timothy Kubale	2,250	-	2,250

Shares under option

There were no unissued ordinary shares of Neerim District Financial Services Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of Neerim District Financial Services Limited 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 group may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the group are important. Details of the amounts paid or payable to the auditor (Kidmans Partners Audit Pty Ltd) for audit and non-audit services provided during the year are set out in note 22 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 group, 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

W C Patrickson Chairperson

29 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 Neerim District Financial Services Limited

As lead auditor for the audit of Neerim 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.

Andrew Frewin Stewart

61 Bull Street, Bendigo, Vic, 3550 Dated:29 September 2025 Joshua Griffin Lead Auditor

Financial statements

Neerim District Financial Services Limited Consolidated statement of profit or loss and other comprehensive income For the year ended 30 June 2025

	Consolidated		lated
	Note	2025	2024
		\$	\$
Revenue from contracts with customers	6	1,059,303	1,111,627
Other revenue		48,746	25,129
Finance revenue		-	4,434
Total revenue		1,108,049	1,141,190
Employee benefits expense	7	(625,432)	(617,636)
Advertising and marketing costs	·	(35,094)	(53,702)
Occupancy and associated costs		(55,799)	(31,299)
System costs		(32,882)	(31,241)
Depreciation and amortisation expense	7	(47,360)	(42,550)
Finance costs	7	(19,518)	(10,875)
General administration expenses		(121,371)	(105,384)
Total expenses before community contributions and income tax		(937,456)	(892,687)
Profit before community contributions and income tax expense		170,593	248,503
Charitable donations, sponsorships and grants expense		(77,469)	(161,534)
Profit before income tax expense		93,124	86,969
Income tax expense	8	(23,270)	(22,015)
Profit after income tax expense for the year		69,854	64,954
Other comprehensive income for the year, net of tax			
Total comprehensive income for the year		69,854	64,954
		Cents	Cents
Basic earnings per share	24	18.43	17.14
Diluted earnings per share	24	18.43	17.14

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

Neerim District Financial Services Limited Consolidated statement of financial position As at 30 June 2025

	Note		dated 2024
		\$	\$
Assets			
Current assets Cash and cash equivalents Trade and other receivables Current tax assets Other assets Total current assets	9 10 8	37,104 86,109 - 8,238 131,451	56,383 102,553 4,055 7,663 170,654
Non-current assets Financial assets Property, plant and equipment Intangible assets Deferred tax assets Total non-current assets	11 12 8	32,689 1,754,264 73,361 937 1,861,251	29,070 1,743,100 13,068 7,340 1,792,578
Total assets		1,992,702	1,963,232
Liabilities			
Current liabilities Trade and other payables Borrowings Current tax liabilities Employee benefits Total current liabilities	13 14 8	113,092 68,740 9,366 48,444 239,642	128,848 61,713 - 53,710 244,271
Non-current liabilities Trade and other payables Borrowings Employee benefits Total non-current liabilities	13 14	64,200 141,529 3,521 209,250	212,221 1,325 213,546
Total liabilities		448,892	457,817
Net assets		1,543,810	1,505,415
Equity Issued capital Retained earnings	15	379,025 1,164,785	379,025 1,126,390
Total equity		1,543,810	1,505,415

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

Financial statements (continued)

Neerim District Financial Services Limited Consolidated statement of changes in equity For the year ended 30 June 2025

Consolidated	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023 (Restated)		379,025	1,094,032	1,473,057
Profit after income tax expense Other comprehensive income, net of tax Total comprehensive income		- - -	64,954 - 64,954	64,954 - 64,954
Transactions with owners in their capacity as owners: Dividends provided for or paid	17	<u>-</u>	(32,596)	(32,596)
Balance at 30 June 2024	;	379,025	1,126,390	1,505,415
Balance at 1 July 2024		379,025	1,126,390	1,505,415
Profit after income tax expense Other comprehensive income, net of tax		-	69,854 -	69,854
Total comprehensive income		-	69,854	69,854
Transactions with owners in their capacity as owners: Dividends provided for or paid	17	<u>-</u> .	(31,459)	(31,459)
Balance at 30 June 2025	;	379,025	1,164,785	1,543,810

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

Neerim District Financial Services Limited Consolidated statement of cash flows For the year ended 30 June 2025

	Consolidated		dated
	Note	2025	2024
		\$	\$
Cash flows from operating activities		4.040.000	4 070 005
Receipts from customers (inclusive of GST) Payments to suppliers and employees (inclusive of GST)		1,243,809 (1,121,663)	1,272,625 (1,012,393)
Interest received Interest and other finance costs paid		(2,806)	4,434
Income taxes refunded/(paid)		28,431	(149,352)
Net cash provided by operating activities	23	147,771	115,314
Cash flows from investing activities			
Payments for property, plant and equipment	11	(42,146)	(677,837)
Payments for intangibles		(13,068)	(13,068)
Loans from/(to) related and other parties		(10,000)	10,000
Net cash used in investing activities	-	(65,214)	(680,905)
Cash flows from financing activities			
Proceeds from borrowings		-	304,310
Interest and other finance costs paid		(16,712)	(10,875)
Dividends paid	17	(31,459)	(32,596)
Repayment of borrowings		(53,665)	(40,409)
Net cash provided by/(used in) financing activities	-	(101,836)	220,430
Net decrease in cash and cash equivalents		(19,279)	(345,161)
Cash and cash equivalents at the beginning of the financial year		56,383	401,544
Cash and cash equivalents at the end of the financial year	9	37,104	56,383

The above consolidated 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 consolidated financial report for Neerim District Financial Services Limited (the company) and its subsidiaries (together referred to as the group), 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 143 Main Road, Neerim South, VIC 3831.

A description of the nature of the group'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 group's functional and presentation currency.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2025. The directors have the power to amend and reissue the financial statements.

Going concern

As at 30 June 2025, the company had a working capital deficiency of \$108,190 (2024: \$73,617). Despite this, the financial report has been prepared on a going concern basis.

The company has access to a \$100,000 overdraft facility, which remains undrawn at the date of this report. Cash flow forecasts prepared by management demonstrate that the company is expected to be able to meet its obligations as and when they fall due for a period of at least 12 months from the date of this report. Management is not aware of any matters that may cast significant doubt over the company's ability to continue as a going concern.

Accordingly, Management believe that the company will be able to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Note 3. Material accounting policy information

The accounting policies that are material to the group 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 group 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 group 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 group for the annual reporting period ended 30 June 2025. The group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Parent entity information

In accordance with the *Corporations Act 2001*, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 28.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Neerim District Financial Services Limited ('company' or 'parent entity') as at 30 June 2025 and the results of all subsidiaries for the year then ended. Neerim District Financial Services Limited and its subsidiaries together are referred to in these financial statements as the 'group'.

Note 3. Material accounting policy information (continued)

Subsidiaries are all those entities over which the company has control. The company controls an entity when the company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the company. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Current and non-current classification

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

Impairment of non-financial assets

At each reporting date, the group 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.

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.

Fair value measurement hierarchy

The group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period line inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar
- assets in an active market

 Level 3: unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Impairment of non-financial assets

The group 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 consolidated entity 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.

Recovery of deferred tax assets

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

Estimates and assumptions

Estimation of useful lives of assets

The group 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.

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 June 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.

Note 5. Economic dependency (continued)

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

	Consoli	Consolidated	
	2025	2024	
	\$	\$	
Margin income	923,111	972,127	
Fee income	52,972	55,899	
Commission income	83,220	83,601	
	1,059,303_	1,111,627	

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.

Note 6. Revenue from contracts with customers (continued)

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

Revenue stream Franchise agreement profit **Includes** Margin, commission, and fee income

Performance obligation When the company satisfies its obligation to arrange for the of the relevant service. services to be provided to the Revenue is accrued monthly customer by the supplier (Bendigo Bank as franchisor). days after the end of each

Timing of recognition On completion of the provision and paid within 10 business 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

plus:

minus:

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 any deposit returns i.e. interest return applied by Bendigo Bank for a deposit any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission income

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

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Expenses

Employee benefits expense		
	Consolid 2025	ated 2024
	\$	\$
Wages and salaries	543,804	513,855
Non-cash benefits	6,930	5,546
Superannuation contributions	66,042	57,336
Expenses related to long service leave	(11,731)	20,911
Other expenses	20,387	19,988
	625,432	617,636
Depreciation and amortisation expense		
·	Consolid	ated
	2025	2024
	\$	\$
Depreciation of non-current assets		
Buildings	15,249	27,243
Plant and equipment	11,839	43
Furniture and fittings	7,159	2,196
	34,247	29,482
Amortisation of intangible assets		
Franchise fee	13,068	13,068
Borrowing costs	45	<u> </u>
	13,113	13,068
	47,360	42,550
Finance costs	Consolid 2025	ated 2024
	\$	\$
Bank loan interest paid or accrued	16,712	10,495
Other	2,806	380
	19,518	10,875
Charitable donations, sponsorships and grants expense		
onantable dentations, openiorismpe and grante expenses	Consolid	ated
	2025	2024
	\$	\$
Direct donation, sponsorship and grant payments	34,869	161,534
Contribution to the Community Enterprise Foundation™	42,600	
	77,469	161,534

Note 8. Income tax

	Consolidated 2025 2024	
	\$	\$
Income tax expense Current tax Movement in deferred tax Net benefit of franking credits on dividends received	17,559 6,403 (692)	21,586 1,070 (641)
Aggregate income tax expense	23,270	22,015
Prima facie income tax reconciliation Profit before income tax expense	93,124	86,969
Tax at the statutory tax rate of 25%	23,281	21,742
Tax effect of: Tax offset for franked dividends Non-deductible expenses Other assessable income	(692) 507 174	(641) 754 160
Income tax expense	23,270	22,015
	Consolid 2025	dated 2024
	\$	\$
Deferred tax assets/(liabilities) Employee benefits Superannuation payable Accrued expenses Property, plant and equipment Financial assets at fair value through profit or loss Prepayments	12,991 (33) 810 (8,923) (1,848) (2,060)	14,300 - 801 (4,498) (1,347) (1,916)
Deferred tax asset	937	7,340
	Consolid 2025	dated 2024
	\$	\$
Income tax refund due		4,055
	Consolid 2025	dated 2024
	\$	\$
Provision for income tax	9,366	

Note 8. Income tax (continued)

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

	Consolidated 2025 2024	
	\$	\$
Cash at bank and on hand	37,104	56,383
Note 10. Trade and other receivables		
	Consolidated 2025 2024	
	\$	\$
Trade receivables Other receivables and accruals	84,757 1,352	96,783 5,770

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. Property, plant and equipment

	Consolidated	
	2025	2024
	\$	\$
Land - at cost	443,160	1,087,993
Buildings - at cost Less: Accumulated depreciation	1,487,216 (237,656) 1,249,560	849,837 (222,407) 627,430
Plant and equipment - at cost Less: Accumulated depreciation	31,451 (12,628) 18,823	3,609 (789) 2,820
Furniture and fittings - at cost Less: Accumulated depreciation	126,347 (86,026) 40,321	101,323 (78,866) 22,457
Work in progress	2,400	2,400
	1,754,264	1,743,100

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

Consolidated	Land \$	Buildings \$	Plant and equipment	Furniture and fittings	Work in progress	Total \$
Balance at 1 July 2023 (Restated) Additions Depreciation expense	443,160 644,833	642,162 12,511 (27,243)	426 2,437 (43)	6,597 18,056 (2,196)	2,400	1,094,745 677,837 (29,482)
Balance at 30 June 2024 Additions Disposals Transfers in/(out) Depreciation expense	1,087,993	627,430 (7,454) - 644,833 (15,249)	2,820 27,842 - - (11,839)	22,457 25,944 (921) - (7,159)	2,400	1,743,100 46,332 (921) - (34,247)
Balance at 30 June 2025	443,160	1,249,560	18,823	40,321	2,400	1,754,264

Accounting policy for property, plant and equipment

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

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

Building40 yearsPlant and equipment1 to 20 yearsFurniture and fittings1 to 40 years

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

Note 11. Property, plant and equipment (continued)

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

Management have assessed the market value of the property at 143 Main Neerim Road, Neerim South to be the same as the carrying value of the property as at 30 June 2025. Therefore, no impairment has been recognised during the reporting period.

Note 12. Intangible assets

	Consolidated	
	2025	2024
	\$	\$
Borrowing costs	735	283
Less: Accumulated amortisation	(328)	(283)
	407	_
		_
Franchise fee	77,499	65,340
Less: Accumulated amortisation	(65,340)	(52,272)
	12,159	13,068
Franchise renewal fee	60,795	
	73,361	13,068

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

Consolidated	Franchise fee \$	Franchise renewal fee \$	Borrowing costs \$	Total \$
Balance at 1 July 2023 (Restated) Amortisation expense	26,136 (13,068)			26,136 (13,068)
Balance at 30 June 2024 Additions Amortisation expense	13,068 12,159 (13,068)	60,795	452 (45)	13,068 73,406 (13,113)
Balance at 30 June 2025	12,159	60,795	407	73,361

During the year ended 30 June 2025, the company entered into a franchise fee renewal which commences on 15 July 2025. This resulted in an addition of \$72,954.

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.

Note 12. Intangible assets (continued)

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

Method Expiry/renewal date Asset class <u>Useful life</u>

Straight-line July 2025 Franchise fee Over the franchise term (5 years) Franchise renewal fee Straight-line Over the franchise term (5 years) June 2030

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

Note 13. Trade and other payables

	Consolidated 2025 2024	
	\$	\$
Current liabilities Trade payables Other payables and accruals	77,198 35,894	96,560 32,288
	113,092	128,848
Non-current liabilities Other payables and accruals	64,200	<u>-</u>
	Consolic 2025	lated 2024
	\$	\$
Financial liabilities at amortised cost classified as trade and other payables Total trade and other payables less other payables and accruals (net GST payable to the ATO)	177,292 (17,023)	128,848 (18,130)
	160,269	110,718
Note 14. Borrowings		

	Consol 2025	idated 2024
	\$	\$
Current liabilities Bank loans Related party loan	68,740	51,713 10,000
	68,740	61,713
Non-current liabilities Bank loans	141,529	212,221

Bank loans

Bank loans are repayable monthly. Interest is recognised at rate of 6.458% (2024: 6.993%). The loans are secured by a fixed and floating charge over the company's assets.

Note 14. Borrowings (continued)

Accounting policy for borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 15. Issued capital

	Consolidated			
	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	379,025	379,025	379,025	379,025

Accounting policy for issued capital

Ordinary shares are recognised at the fair value of the consideration received by the company. 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").

Note 15. 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 16. 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 17. 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.

	Con	solidated
	2025	2024
	\$	\$
Fully franked dividend of 8.3 cents per share (2024: 8.6 cents)	31,45	32,596

Note 17. Dividends (continued)

Franking credits

	Consolid 2025	dated 2024
	2025	2024
	\$	\$
Franking account balance at the beginning of the financial year	504,989	365,861
Franking credits (debits) arising from income taxes paid (refunded)	(4,056)	149,352
Franking debits from the payment of franked distributions	(10,486)	(10,865)
Franking credits from franked distributions received	692	641
Franking credits (debits) arising from tax installments paid	(24,375)	
	466,764	504,989
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	466,764	504,989
Franking credits (debits) that will arise from payment (refund) of income tax	9,367	(34,055)
Franking credits available for future reporting periods	476,131	470,934

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 18. Financial risk management

Financial risk management objectives

The company's financial instruments include trade receivables and payables, cash and cash equivalents, investments and loans and borrowings. 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 consolidated entity 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.

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

Note 18. Financial risk management (continued)

	Consolie	Consolidated	
	2025	2024	
	\$	\$	
Financial assets			
Trade and other receivables (note 10)	86,109	102,553	
Cash and cash equivalents (note 9)	37,104	56,383	
Financial assets	32,689	29,070	
	155,902_	188,006	
Financial liabilities			
Trade and other payables (note 13)	160,269	110,718	
Bank loans (note 14)	210,269	263,934	
	370,538	374,652	

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 into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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 listed entities.

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Note 18. Financial risk management (continued)

Interest-bearing liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held borrowings of \$210,269 at 30 June 2025 (2024: \$263,934).

Interest-bearing assets 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 \$37,104 at 30 June 2025 (2024: \$56,383).

Interest rate risk

As at the reporting date, the company had the following variable rate borrowings outstanding:

	202	25	202	24
	Weighted average		Weighted average	
Consolidated	interest rate %	Balance \$	interest rate %	Balance \$
Loans	6.46%	210,269	6.99%	263,934
Net exposure to cash flow interest rate risk	=	210,269		263,934

An analysis by remaining contractual maturities is shown in 'liquidity risk' below.

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.

Exposure to liquidity risk

The following are the group'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.

Consolidated - 2025	1 year or less \$	Between 1 and 5 years \$	Over 5 years	Remaining contractual maturities
Trade payables	96,068	64,200	_	160,268
Loans	68,740	141,529		210,269
Total non-derivatives	164,808	205,729		370,537
Consolidated - 2024	1 year or less \$	Between 1 and 5 years \$	Over 5 years	Remaining contractual maturities \$
Consolidated - 2024 Trade payables	•		Over 5 years \$	contractual maturities
	\$		Over 5 years \$ -	contractual maturities \$

Note 19. Fair value measurement

Consolidated - 2025	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets Financial assets	32,689	-	-	32,689
Total assets	32,689		<u> </u>	32,689
Consolidated - 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Financial assets	29,070	_	_	29,070
Total assets	29,070			29,070

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 20. Key management personnel disclosures

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

Bruce MacDougall Christie Bransgrove Clive Patrickson Tricia Weickhardt Peter Bain Alison Cleary Jennifer Lynne Prout Paul Ford Timothy Kubale

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 21. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 20.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to loans with related parties:

Consolidated 2025 2024 \$

Non-current borrowings:

Loan from key management personnel

10,000

Note 21. Related party transactions (continued)

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated	
	2025	2024
	\$	\$
The company purchases supplies from the Neerim South Supermarket. One of the key management personnel is also a director of the supermarket. The total benefit received was:	5,635	2,339

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by AFS Bendigo, the auditor of the company:

	Cons	Consolidated	
	2025	2024	
	\$	\$	
Audit services Audit or review of the financial statements	4,700	5,455	

Note 23. Reconciliation of profit after income tax to net cash provided by operating activities

	Consolidated 2025	
	\$	\$
Profit after income tax expense for the year	69,854	64,954
Adjustments for: Depreciation and amortisation Net loss on disposal of non-current assets Gain on financial assets through profit and loss Dividends reinvested Finance costs	47,360 921 (2,004) (1,615) 16,712	42,550 (5,387) (1,496) 10,875
Change in operating assets and liabilities: Decrease in trade and other receivables Decrease/(increase) in income tax refund due Decrease in deferred tax assets Increase in prepayments Increase/(decrease) in trade and other payables Increase/(decrease) in provision for income tax Increase/(decrease) in employee benefits	12,258 4,055 6,403 (575) (11,894) 9,366 (3,070)	28,779 (4,055) 1,070 (7,663) 51,752 (94,352) 28,287
Net cash provided by operating activities	147,771	115,314

Note 24. Earnings per share

	Consol 2025	idated 2024 (Restated)
	\$	\$
Profit after income tax	69,854	64,954
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	379,025	379,025
Weighted average number of ordinary shares used in calculating diluted earnings per share	379,025	379,025
	Cents	Cents
Basic earnings per share Diluted earnings per share	18.43 18.43	17.14 17.14

Note 25. Commitments

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

Note 26. Contingencies

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

Note 27. Events after the reporting period

On 1 July 2025, the Organisation entered into a new lease agreement for Unit 1, 143 Main Neerim Road. The lease is for a five-year term, ending 30 June 2040. At commencement, recognition of the lease will increase both the right-of-use asset and the lease liability by \$1,142,136. The lease will be accounted for in accordance with AASB 16 *Leases*.

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

Note 28. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2025 \$	2024 \$
Profit after income tax	69,855	67,951
Total comprehensive income	69,855	67,951

Note 28. Parent entity information (continued)

Statement of financial position

	Parent 2025 2024	
	\$	\$
Total current assets	699,521	669,402
Total assets	1,778,100	1,687,647
Total current liabilities	166,567	180,906
Total liabilities	234,288	182,231
Equity Issued capital Retained earnings	379,025 1,164,787	379,025 1,126,391
Total equity	1,543,812	1,505,416

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2025.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2025.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2025.

Material accounting policy information

The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 3, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an
 indicator of an impairment of the investment.

Consolidated Entity Disclosure Statement

As at 30 June 2025

		Ownership		
		Place formed /	interest	
Entity name	Entity type	Country of incorporation	%	Tax residency
Neerim District Property Developments Unit Trust	Unit Trust	Australia	100.00%	Australia

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 group'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 information disclosed in the attached consolidated entity disclosure statement is true and correct.

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

W C Patrickson Chairperson

29 September 2025

Independent audit report



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

Independent auditor's report to the Directors of Neerim District Financial Services Limited

Report on the audit of the financial report

Basis for qualified opinion

The financial statements for the year ended 30 June 2024 of Neerim District Financial Servies Limited were not audited by Andrew Frewin Stewart. It has not been practical for us to verify or otherwise obtain sufficient information concerning the company's opening balances at 1 July 2024. Since the opening balances impact directly on the determination of the results of operations, we were unable to ascertain whether adjustments to the results of operations might be necessary for the year ended 30 June 2025 as a consequence of any potential misstatement of the opening balances. We were unable to obtain sufficient appropriate audit evidence regarding the comparative balances for the year ended 30 June 2025, as a result of this, no opinion on these comparative amounts is expressed.

Our opinion

In our opinion, the accompanying financial report of Neerim 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 Neerim 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.

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

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.

Material uncertainty related to going concern

Our opinion is not modified for this matter. We draw attention to Note 2 in the financial report, which indicates that the company incurred a net profit after tax of \$69,854 during the year ended 30 June 2025, as of that date, the company's current liabilities exceeded its current assets by \$108,890. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast doubt over the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

Other information

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

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

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

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

Independence

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

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for

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Independent audit report (continued)



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

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:29 September 2025

Joshua Griffin Lead Auditor

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