

Annual Report 2025

South Burdekin Community
Financial Services Limited

Community Bank
Home Hill and Ayr
ABN 86 113 530 902

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Chairman's Report

For year ended 30th June 2025

I am delighted to have the opportunity to present our Annual Report to the Shareholders of South Burdekin Community Financial Services Limited for the 2025 fiscal year.

It has been very interesting to watch the volume increase in our banking operations over the last 12 months. In this period we have produced a profit after the provision for income tax of \$119,985.00. This has been achieved after we provided, Community Grants, Sponsorships and Charitable Donations totalling \$499,887.00 which is a 20% increase on the prior period. It has been exciting to be in a position to provide funding to community groups for the betterment of our district. We also paid in early December 2024 a fully franked dividend of 18 cents per share to our very patient Shareholders, this has only been made possible by the Board being very focused on the need to increase volume. As I have said many times before, we will only increase our income and profit by improving our volume. The volume always needs to increase, that should and always be our main focus moving forward.

Just over 5 years ago, we made the decision to appoint Chantel Michelin to the role of Senior Branch Manager. We believe this has proven to be very beneficial, with her prior banking knowledge and her ability to guide our wonderful and resolute staff to perform their duties in a most professional and efficient manner. Our staff have been the backbone of our business for twenty years. I thank all for their continued support of the Directors and myself in our quest of achieving our common goal of profitable branches and company.

I would like to again thank my fellow directors; they are an amazing group of community minded people who have always given of their time and support to achieve our goals and objectives. Three of our Directors have been involved with this project for 23 years and I thank them for their continued enthusiasm and support. We will in the future be looking for a very community minded person who will give us their time and add value to our Board. As a new Director joins our board they come with fresh ideas and views which will enable us to grow both of our Community Bank Home Hill and Ayr branches. We are all able to see the profits that will benefit our shareholders and provide funding for projects for our community in the future.

Our partner Bendigo Bank and their regional staff have always been incredibly supportive. They continue to encourage our staff, which is invaluable at times with their guidance in our branch operations and their occasional attendance at our Board meetings. I would like on behalf of the Board to thank them for their support.

In closing, without the support, generosity and the confidence of our shareholders and the community we would not have achieved these results thus far. I thank all of those who have supported and encouraged us, and I would ask again that all shareholders should become advocates and try to encourage more of our community members to explore the Bendigo Bank products and services that our community bank and staff have to offer. If you are a shareholder and you do not bank with us-why not? Surely you want a return on your investment in our community bank.

Yours Sincerely

A handwritten signature in black ink, appearing to read 'D. West', is written over a solid horizontal line.

Darren West
Chairman

Scholarships, Grants and Dividends

Report of Sponsorships & Contributions

South Burdekin Community Financial Services Limited operates the Home Hill and Ayr Community Bank branches and we are proud to invest in the Burdekin community through various scholarships and grants. Since opening the Home Hill Community Bank Branch in 2005, over \$1,513,121 has been invested directly into the community. The table below summarises the major monetary values disbursed to the community in the 2024/2025 financial year (rounded to the nearest dollar).

Group	Purpose	Value \$
Ayr Golf Club Inc	Sponsorship	\$650
Ayr Pastoral Agricultural & Industrial Assoc	Sponsorship	\$1,500
Bowen Seagulls Junior Rugby League	Sponsorship	\$4,400
Burdekin Amateur Basketball	Sponsorship	\$1,500
Burdekin Chamber of Commerce	Sponsorship	\$202
Burdekin Chaplains	Donation	\$30,000
Burdekin Community Association	Donation	\$11,000
Burdekin Mens Shed	Donation	\$5,000
Burdekin Neighbourhood Centre	Donation	\$10,000
Burdekin Netball Association	Sponsorship	\$5,500
Burdekin Race Club	Sponsorship	\$3,300
Burdekin Rugby Union	Sponsorship	\$3,850
Burdekin Shire Council	Sponsorship	\$6,000
Burdekin Swimming Club	Sponsorship	\$250
Burdekin Zonta Club	Donation	\$500
Cancer Council	Donation	\$1,000
Community Enterprise Foundation	Donation/Grant Fund	\$350,000
CORES	Donation	\$10,000
Home Hill Cricket Club	Sponsorship	\$500
Home Hill State High School	Sponsorship	\$1,275
Home Hill Tennis Association	Sponsorship	\$1,100
Rock Solid Boxing Club	Sponsorship	\$1,000
St Colmans P&C	Sponsorship	\$500

Dividend payment history

Below is a summary of the dividends paid to shareholders to date:

Dividend to shareholders			
Financial Year	Amount Per Share	Franking Level	Date Paid
2011/2012	.07	0%	19/12/2011
2012/2013	.09	0%	19/12/2012
2013/2014	.07	0%	13/12/2013
2014/2015	.05	100%	12/12/2014
2015/2016	.03	100%	15/12/2015
2016/2017	-	-	-
2017/2018	-	-	-
2018/2019	.07	100%	28/09/2018
2019/2020	-	-	-
2020/2021	-	-	-
2021/2022	.05	100%	06/05/2022
2022/2023	.05	100%	24/04/2023
2023/2024	.12	100%	13/12/2023
2024/2025	.18	100%	13/12/2024

Managers' Report

For year ended 30th June 2025

The strength of a community is measured not only in its resilience during challenging times, but in the way people come together to achieve shared success. This year has demonstrated exactly that, and I am proud of the achievements of our Community Bank branches in Home Hill and Ayr.

Our total business has grown to \$255 million, and we are proud to have now returned more than \$2 million to our local communities through sponsorships, grants, donations, and dividends. These results reflect the ongoing trust of our customers and the dedication of our team.

We now support 5,612 customers with an average of 2.838 products per customer. Over the past year, our lending team has assisted more than 78 clients in reaching key milestones such as purchasing homes, vehicles, and undertaking renovations. Their ability to combine professional expertise with genuine care makes these significant life decisions smoother and more meaningful for our customers.

These achievements are made possible through the commitment of our staff, the tireless work of our volunteer Directors, and the unwavering support of our shareholders and customers. This year we also welcomed Raelene Agius to the team, further strengthening our ability to deliver outstanding service.

I would like to extend special thanks to our key partners, including Trudi Anderson from Business Banking, whose support of our One Community model has been instrumental in driving both our growth and our community outcomes.

Looking ahead, our focus remains on deepening relationships with our customers, expanding our impact within the community, and ensuring that our business continues to grow in a way that benefits all.

On behalf of our teams across Home Hill and Ayr, I sincerely thank our shareholders, customers, Directors, staff, and partners for their continued support. Together, we are building a stronger future for our community.

Chantel Michielin

Senior Branch Manager

Directors' Report

For the financial year ended 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:	Robert Darren West
Title:	Non-executive director
Experience and expertise:	Past President of Ayr Burdekin Rotary Club (3 years), Past Chairman of Burdekin Crimestoppers Incorporated (11 years), Past QLD Dealer Representative for Toyota Financial Services National Dealer Council (2002 - 2009), Past Chairman of the Toyota Dealers Association of North Queensland Ltd (2010 - 2016), and Past Director of the National Toyota Dealers Association Limited (2010 - 2016).
Special responsibilities:	Chairman, Audit committee, Marketing committee
Name:	Paul Raymond Benvenuti
Title:	Non-executive director
Experience and expertise:	Small business owner/operator of Burdekin Communications. Current member of various community groups and organisations. Past President of Home Hill Chamber of Commerce. Previous member and Chairman of Home Hill Rotary Club.
Special responsibilities:	Marketing committee
Name:	Nancy Robyn Haller
Title:	Non-executive director
Experience and expertise:	Director of Scorpion Jacks International, servicing the mining industry. Charter Member and Past President of the Zonta Club of Burdekin Inc.
Special responsibilities:	Marketing committee
Name:	Max Angelo Musumeci
Title:	Non-executive director
Experience and expertise:	Farming (sugar cane) since 1994. Real Estate Sales Agent 2008 - 2013. Co-ordinator of Home Hill Canefield Ashes Cricket Carnival 2011, 2012, 2013. Junior Vice President of Home Hill Cricket Association 2011 - 2014. While farming for past 20 years, have held many part time positions including servicing mining equipment, mine maintenance, cane harvesting, and hauling. Max has previously been a board Director of Pioneer Cane Growers Organisation. Previous Burdekin Shire Councillor 2019-2023. Max is currently a Burdekin Shire Councillor and a full time sugar cane farmer.
Special responsibilities:	Marketing committee
Name:	Loizos Andreas Loizou
Title:	Non-executive director
Experience and expertise:	Active member of St Stephens Greek Orthodox Church. Member of Queensland Cane Growers. Past Councillor 22 years. Past Director of South Burdekin Water Board. Past Director of Burdekin River Trust.
Special responsibilities:	Audit committee, Marketing committee.
Name:	Constantine Arthur Christofides
Title:	Non-executive director
Experience and expertise:	Own and manage family cane farm. Treasurer of Greek community of Home Hill and Ayr.
Special responsibilities:	Audit committee, Marketing committee
Name:	David Leonard Catanzaro
Title:	Non-executive director
Experience and expertise:	Senior Accountant and Office Manager, Fellow of CPA Australia, Bachelor of Business (Accounting), Diploma of Financial Services (Financial Planning), Commissioner for Declarations. Past Director of the Lower Burdekin Home for the Aged Society.
Special responsibilities:	Marketing committee

Directors' Report (continued)

Name:	Jeanette Gwen Stirling
Title:	Non-executive director
Experience and expertise:	Self employed registered BAS Agent and partner of Jan Stirling Bookkeeping since 2000.Justice of the Peace (QUAL) and participant in the JPs in the Community Program since 2021.Member and Treasurer of Zonta Club of Burdekin Inc. Member and Treasurer of Burdekin Potters Inc. Member and Treasurer of NQ Tractor Pulling Inc.
Special responsibilities:	Nil
Name:	Amanda Marie Lowis
Title:	Non-executive director
Experience and expertise:	Previously worked as a Chartered Accountant, Registered Property Valuer, and Lecturer at JCU. Tertiary qualifications include Bachelor of Business (Agribusiness), Graduate Certificate in Commerce, Graduate Diploma in Property. Presently part of the management team across a range of business interests, including ShedEx involved in the construction industry, and Capeview Fresh farming small crops and cattle.
Special responsibilities:	Nil

Company secretary

There have been two company secretaries holding the position during the financial year:

- Rosmarie McLean was appointed company secretary on 12 May 2025.
- Stacie Lovelady was appointed company secretary on 28 August 2023.

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 \$119,985 (30 June 2024: \$166,004).

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 18 cents per share (2024: 12 cents)	126,928	84,619

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

Environmental regulation

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

Directors' Report (continued)

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
Robert Darren West	12	11
Paul Raymond Benvenuti	12	12
Nancy Robyn Haller	12	11
Max Angelo Musumeci	12	12
Loizos Andreas Loizou	12	12
Constantine Arthur Christofides	12	9
David Leonard Catanzaro	12	12
Jeanette Gwen Stirling	12	10
Amanda Marie Lewis	12	12

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 22 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
Robert Darren West	6,601	-	6,601
Paul Raymond Benvenuti	2,200	-	2,200
Nancy Robyn Haller	5,501	-	5,501
Max Angelo Musumeci	550	-	550
Loizos Andreas Loizou	6,711	-	6,711
Constantine Arthur Christofides	4,400	-	4,400
David Leonard Catanzaro	550	-	550
Jeanette Gwen Stirling	-	-	-
Amanda Marie Lewis	-	-	-

Shares under option

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

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Indemnity and insurance of directors and officers

The company has indemnified all directors and management in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or management of the company except where the liability arises out of conduct involving the lack of good faith.

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance.

Directors' Report (continued)

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin Stewart) for audit and non-audit services provided during the year are set out in note 23 to the accounts.

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

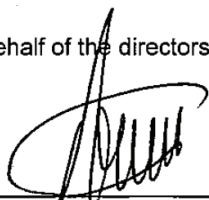
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the company, acting as an advocate for the company or jointly sharing risks and rewards.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors



Robert Darren West
Chairman

25 August 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 South Burdekin Community Financial Services Limited

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 August 2025

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

Financial Statements

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	1,708,995	1,749,977
Other revenue		-	521
Finance revenue		17,322	14,138
Total revenue		<u>1,726,317</u>	<u>1,764,636</u>
Employee benefits expense	7	(689,455)	(705,595)
Advertising and marketing costs		(33,364)	(24,069)
Occupancy and associated costs		(22,251)	(30,858)
System costs		(35,223)	(32,307)
Depreciation and amortisation expense	7	(127,589)	(183,439)
Loss on disposal of assets		-	(1,551)
Finance costs	7	(21,901)	(13,693)
General administration expenses		(124,263)	(108,621)
Total expenses before community contributions and income tax expense		<u>(1,054,046)</u>	<u>(1,100,133)</u>
Profit before community contributions and income tax expense		672,271	664,503
Charitable donations, sponsorships and grants expense	7	<u>(499,887)</u>	<u>(416,710)</u>
Profit before income tax expense		172,384	247,793
Income tax expense	8	<u>(52,399)</u>	<u>(81,789)</u>
Profit after income tax expense for the year		119,985	166,004
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>119,985</u></u>	<u><u>166,004</u></u>
		Cents	Cents
Basic earnings per share	25	17.02	23.54
Diluted earnings per share	25	17.02	23.54

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

Financial Statements (Continued)

Statement of Financial Position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	448,862	120,409
Trade and other receivables	10	113,888	91,368
Investments	11	-	400,000
Current tax assets	8	10,680	-
Total current assets		<u>573,430</u>	<u>611,777</u>
Non-current assets			
Property, plant and equipment	12	91,157	100,231
Right-of-use assets	13	285,769	293,908
Intangible assets	14	229,822	148,471
Deferred tax assets	8	16,487	13,296
Total non-current assets		<u>623,235</u>	<u>555,906</u>
Total assets		<u>1,196,665</u>	<u>1,167,683</u>
Liabilities			
Current liabilities			
Trade and other payables	15	51,607	28,238
Lease liabilities	16	72,063	70,685
Current tax liabilities	8	-	72,111
Employee benefits		16,933	19,200
Total current liabilities		<u>140,603</u>	<u>190,234</u>
Non-current liabilities			
Trade and other payables	15	94,279	-
Lease liabilities	16	312,859	318,691
Employee benefits		3,995	2,748
Lease make good provisions		34,269	38,407
Total non-current liabilities		<u>445,402</u>	<u>359,846</u>
Total liabilities		<u>586,005</u>	<u>550,080</u>
Net assets		<u>610,660</u>	<u>617,603</u>
Equity			
Issued capital	17	599,526	599,526
Retained earnings		11,134	18,077
Total equity		<u>610,660</u>	<u>617,603</u>

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

Financial Statements (Continued)

Statement of Changes in Equity for the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		599,526	(63,308)	536,218
Profit after income tax expense		-	166,004	166,004
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	166,004	166,004
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(84,619)	(84,619)
Balance at 30 June 2024		<u>599,526</u>	<u>18,077</u>	<u>617,603</u>
 Balance at 1 July 2024		 599,526	 18,077	 617,603
Profit after income tax expense		-	119,985	119,985
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	119,985	119,985
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(126,928)	(126,928)
Balance at 30 June 2025		<u>599,526</u>	<u>11,134</u>	<u>610,660</u>

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

Financial Statements (Continued)

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)		1,897,167	1,945,907
Payments to suppliers and employees (inclusive of GST)		(1,625,004)	(1,521,079)
Interest received		17,920	14,736
Interest and other finance costs paid		-	(5)
Income taxes paid		(138,381)	(37,162)
Net cash provided by operating activities	24	151,702	402,397
Cash flows from investing activities			
Redemption of/(investment in) term deposits		400,000	(248,920)
Payments for property, plant and equipment	12	(7,113)	(8,008)
Payments for intangible assets		(16,927)	-
Net cash provided by/(used in) investing activities		375,960	(256,928)
Cash flows from financing activities			
Interest and other finance costs paid		(19,828)	(11,776)
Dividends paid	19	(126,928)	(84,619)
Repayment of lease liabilities		(52,453)	(58,484)
Net cash used in financing activities		(199,209)	(154,879)
Net increase/(decrease) in cash and cash equivalents		328,453	(9,410)
Cash and cash equivalents at the beginning of the financial year		120,409	129,819
Cash and cash equivalents at the end of the financial year	9	448,862	120,409

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

Notes to the Financial Statements

For year ended 30 June 2025

Note 1. Reporting entity

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

The company is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Registered office

Shop C, 129-141 Eighth Avenue, Home Hill QLD 4806

Principal place of business

Shop C, 129-141 Eighth Avenue, Home Hill QLD 4806

111 Queen Street, Ayr QLD 4807

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 25 August 2025. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

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

Accounting standards issued but not yet effective

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

Current and non-current classification

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

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. 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.

Notes to the Financial Statements

For year ended 30 June 2025

Note 3. Material accounting policy information (continued)

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.

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.

Notes to the Financial Statements

For year ended 30 June 2025

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

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, which is generally the case for the company's lease agreements, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. This rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Note 5. Economic dependency

The company 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.

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

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

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

Notes to the Financial Statements

For year ended 30 June 2025

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2025	2024
	\$	\$
Margin income	1,281,240	1,274,597
Fee income	78,724	86,450
Commission income	349,031	388,930
	1,708,995	1,749,977

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:

Note 6. Revenue from contracts with customers (continued)

Revenue Stream	Includes	Performance obligation	Timing of recognition
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.

Notes to the Financial Statements

For year ended 30 June 2025

Note 6. Revenue from contracts with customers (continued)

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

Commission income

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Expenses

	2025	2024
	\$	\$
Employee benefits expense		
Wages and salaries	665,922	681,716
Non-cash benefits	199	232
Superannuation contributions	16,005	17,030
Expenses related to long service leave	1,757	535
Other expenses	5,572	6,082
	689,455	705,595

Accounting policy for employee benefits

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

Notes to the Financial Statements

For year ended 30 June 2025

Note 7. Expenses (continued)

	2025 \$	2024 \$
Depreciation and amortisation expense		
<i>Depreciation of non-current assets</i>		
Plant and equipment	11,930	13,232
Motor vehicles	4,257	5,677
	16,187	18,909
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	49,905	57,615
<i>Amortisation of intangible assets</i>		
Franchise fee	4,293	4,592
Franchise renewal fee	35,742	79,361
Rights to revenue share	61,497	106,915
	127,589	183,439
Finance costs		
Bank overdraft interest paid or accrued	-	5
Lease interest expense	19,828	11,776
Unwinding of make-good provision	2,073	1,912
	21,901	13,693
Charitable donations, sponsorships and grants expense		
Direct donation, sponsorship and grant payments	131,466	416,710
Contribution to the Community Enterprise Foundation™	368,421	-
	499,887	416,710

Note 7. Expenses (continued)

	2025 \$	2024 \$
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).		
<i>Disaggregation of CEF funds</i>		
Contributions paid in	368,421	-

Notes to the Financial Statements

For year ended 30 June 2025

Note 8. Income tax

	2025 \$	2024 \$
Income tax expense		
Current tax	55,590	83,360
Movement in deferred tax	(3,191)	(1,571)
Aggregate income tax expense	52,399	81,789
Prima facie income tax reconciliation		
Profit before income tax expense	172,384	247,793
Tax at the statutory tax rate of 25%	43,096	61,948
Tax effect of:		
Non-deductible expenses	9,303	19,841
Income tax expense	52,399	81,789
Deferred tax assets/(liabilities)		
Employee benefits	5,278	5,487
Provision for lease make good	8,567	9,602
Accrued expenses	2,621	2,709
Income accruals	-	(150)
Lease liabilities	96,230	97,344
Right-of-use assets	(71,442)	(73,477)
Deductible prepayments	(1,978)	(3,161)
Property, plant and equipment	(22,789)	(25,058)
Deferred tax asset	16,487	13,296
Income tax refund due	10,680	-
Provision for income tax	-	72,111

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.

Notes to the Financial Statements

For year ended 30 June 2025

Note 9. Cash and cash equivalents

	2025	2024
	\$	\$

Cash at bank and on hand	448,862	120,409
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Note 10. Trade and other receivables

	2025	2024
	\$	\$

Trade receivables	60,851	78,124
Other receivables and accruals	45,126	-
Accrued income	-	598
Prepayments	7,911	12,646
	53,037	13,244
	113,888	91,368

	2025	2024
	\$	\$

Financial assets at amortised cost classified as trade and other receivables

Total trade and other receivables	113,888	91,368
less GST refundable from the ATO, included in trade and other receivables	(45,126)	-
less Prepayments included in trade and other receivables	(7,911)	(12,646)
	60,851	78,722

Accounting policy for trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. The company's trade receivables are limited to the monthly profit share distribution from Bendigo Bank, which is received 10 business days post month end.

Note 11. Investments

	2025	2024
	\$	\$

Current assets

Term Deposit	-	400,000
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Notes to the Financial Statements

For year ended 30 June 2025

Note 12. Property, plant and equipment

Plant and equipment - at cost	250,177	250,494
Less: Accumulated depreciation	(171,792)	(167,292)
	78,385	83,202
Motor vehicles - at cost	35,219	35,219
Less: Accumulated depreciation	(22,447)	(18,190)
	12,772	17,029
	91,157	100,231

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

Balance at 1 July 2023	89,353	22,706	112,059
Additions	8,008	-	8,008
	Plant and equipment	Motor Vehicles	Total
	\$	\$	\$
Disposals	(927)	-	(927)
Depreciation	(13,232)	(5,677)	(18,909)
Balance at 30 June 2024	83,202	17,029	100,231
Additions	7,113	-	7,113
Depreciation	(11,930)	(4,257)	(16,187)
Balance at 30 June 2025	78,385	12,772	91,157

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:

Plant and equipment	2 to 40 years
Motor vehicles	4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

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

Notes to the Financial Statements

For year ended 30 June 2025

Note 13. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	634,072	592,300
Less: Accumulated depreciation	(348,303)	(298,392)
	285,769	293,908

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	190,170
Remeasurement adjustments	161,353
Depreciation expense	(57,615)
Balance at 30 June 2024	293,908
Remeasurement adjustments	41,766
Depreciation expense	(49,905)
Balance at 30 June 2025	285,769

Accounting policy for right-of-use assets

Right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liability adjusted for costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease. Right-of-use assets are subject to impairment and are adjusted for any remeasurement of lease liabilities.

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2025 \$	2024 \$
Rights to revenue share	396,805	396,805
Less: Accumulated amortisation	(307,449)	(271,707)
	89,356	125,098
Franchise fee	134,179	110,371
Less: Accumulated amortisation	(110,768)	(106,475)
	23,411	3,896
Franchise renewal fee	340,122	221,082
Less: Accumulated amortisation	(223,067)	(201,605)
	117,055	19,477
	229,822	148,471

Notes to the Financial Statements

For year ended 30 June 2025

Note 14. Intangible assets (continued)

	Rights to Revenue Share	Franchise Fee	Franchise Renewal Fee	Total \$
Reconciliations of the carrying values at the beginning and end of the current and previous financial year are set out below:				
Balance at 1 July 2023	204,459	8,488	42,439	255,386
Amortisation expense	(79,361)	(4,592)	(22,962)	(106,915)
Balance at 30 June 2024	125,098	3,896	19,477	148,471
Additions	-	23,808	119,040	142,848
Amortisation expense	(35,742)	(4,293)	(21,462)	(61,497)
Balance at 30 June 2025	89,356	23,411	117,055	229,822

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 and rights to revenue share purchased by the company are amortised over their useful life and assessed for

Asset Class	Method	Useful Life	Expiry/Renewal Date
Franchise fee	Straight-line	Over the franchise term (5 years)	June 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	June 2030
Rights to revenue share - Ayr	Straight-line	5 years	June 2024
Rights to revenue share - Bowen	Straight-line	5 years	December 2027

impairment whenever impairment indicators are present.

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

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

Change in estimates

During the financial year, the company assessed estimates used for intangible assets including useful lives, residual values, and amortisation methods. There were no changes in estimates for the current reporting period.

Note 15. Trade and other payables

	2025 \$	2024 \$
Current liabilities		
Trade payables	35,306	6,107
Other payables and accruals	16,301	22,131
	51,607	28,238
Non-current liabilities		
Other payables and accruals	94,279	-

Notes to the Financial Statements

For year ended 30 June 2025

Note 15. Trade and other payables (continued)

	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payable</i>		
Total trade and other payables	145,886	28,238
less GST payable to the ATO, included in trade and other payables	-	(5,360)
	145,886	22,878

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	72,063	70,685
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	312,859	318,691
<i>Reconciliation of lease liabilities</i>		
Opening balance	389,376	282,111
Remeasurement adjustments	47,999	165,749
Lease interest expense	19,828	11,776
Lease payments - total cash outflow	(72,281)	(70,260)
	384,922	389,376

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount Rate	Non-Cancellable Term	Renewal Options Available	Reasonably Certain To Exercise Options	Lease Term End Date Used in Calculations
Home Hill Branch	7.25%	5 years	1 x 2 years	Yes	June 2032
Ayr Branch	7.5%	3 years	1 x 3 years	Yes	March 2030

Notes to the Financial Statements

For year ended 30 June 2025

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	641,060	641,060	641,060	641,060
Bonus shares - fully paid (10:1)	64,099	64,099	-	-
Less: Equity raising costs	-	-	(41,534)	(41,534)
	705,159	705,159	599,526	599,526

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

Notes to the Financial Statements

For year ended 30 June 2025

Note 17. Issued capital (continued)

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

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

The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

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

Note 18. Capital Management

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

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

The distribution limit is the greater of:

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

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

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

Note 19. Dividends

Dividends provided for and paid during the period

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 12 cents per share (2023: 5 cents)	126,928	84,619
Franking credits		
Franking account balance at the beginning of the financial year	150,390	141,434
Franking credits (debits) arising from income taxes paid (refunded)	138,381	37,162
Franking debits from the payment of franked distributions	(42,310)	(28,206)
	246,461	150,390

Notes to the Financial Statements

For year ended 30 June 2025

Note 19. Dividends (continued)

	2025 \$	2024 \$
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	246,461	150,390
Franking credits (debits) that will arise from payment (refund) of income tax	(10,680)	72,111
Franking credits available for future reporting periods	235,781	222,501

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

Accounting policy for dividends

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

Note 20. Financial risk management

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

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

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

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

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

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables excluding prepayments (note 10)	60,851	78,722
Cash and cash equivalents (note 9)	448,862	120,409
Investments (note 11)	-	400,000
	509,713	599,131
Financial liabilities at amortised cost		
Trade and other payables (note 15)	145,886	22,878
Lease liabilities (note 16)	384,922	389,376
	530,808	412,254

Notes to the Financial Statements

For year ended 30 June 2025

Note 20. Financial risk management (continued)

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

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

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost, comprising trade and other payables and lease liabilities.

Derecognition

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$448,862 at 30 June 2025 (2024: \$120,409 and term deposits of \$400,000).

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	51,607	94,279	-	145,886
Lease liabilities	74,449	308,173	93,959	476,581
Total non-derivatives	126,056	402,452	93,959	622,467
2024				
Trade and other payables	22,878	-	-	22,878
Lease liabilities	72,283	309,133	73,397	454,813
Total non-derivatives	95,161	309,133	73,397	477,691

Notes to the Financial Statements

For year ended 30 June 2025

Note 21. Key management personnel disclosures

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

Robert Darren West	Constantine Arthur Christofides
Paul Raymond Benvenuti	David Leonard Catanzaro
Nancy Robyn Haller	Jeanette Gwen Stirling
Max Angelo Musumeci	Amanda Marie Lowis Loizos Andreas Loizou

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 22. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Receivable from and payable to related parties

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
The company made sponsorships to community groups where company directors are also committee members.	15,500	23,450
The company used the accounting services of ML Partners during the period, in which David Catanzaro is Office Manager. The total benefit received was:	3,480	2,830
The company hired a premises for use in the Community Grants evening from Burdekin Shire Council during the period, in which Max Musumeci is a Councilor. The total benefit received was:	6,300	1,638
The company was provided a motor vehicle service and parts at a car dealership, in which Robert Darren West is the Dealer Principal.	241	-

Note 23. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	8,450	7,950
<i>Other services</i>		
Taxation advice and tax compliance services	900	450
General advisory services	3,125	2,710
Share registry services	8,709	5,536
	12,734	8,696
	21,184	16,646

Notes to the Financial Statements

For year ended 30 June 2025

Note 24. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	119,985	166,004
Adjustments for:		
Depreciation and amortisation	127,588	183,439
Net loss on disposal of non-current assets	-	927
Lease liabilities interest	19,828	11,776
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(22,520)	19,560
Increase in income tax refund due	(10,680)	-
Increase in deferred tax assets	(3,191)	(1,571)
Decrease in trade and other payables	(4,499)	(19,070)
Increase/(decrease) in provision for income tax	(72,111)	46,198
Decrease in employee benefits	(1,020)	(2,467)
Decrease in other provisions	(1,678)	(2,399)
Net cash provided by operating activities	151,702	402,397

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	119,985	166,004
Weighted average number of ordinary shares used in calculating basic earnings per share	705,159	705,159
Weighted average number of ordinary shares used in calculating diluted earnings per share	705,158	705,158
Basic earnings per share	17.02	23.54
Diluted earnings per share	17.02	23.54

Accounting policy for earnings per share

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

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

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

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; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- 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.



Robert Darren West
Chairman
25 August 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 South Burdekin Community Financial Services Limited

Report on the audit of the financial report

Our opinion

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

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

What we have audited

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

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

Basis for opinion

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

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

Other information

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

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

Independent Audit Report (continued)



Andrew Frewin Stewart
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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 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: 25 August 2025

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

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