

Varsity Lakes Financial Services Limited

ABN 57 127 396 454

Financial Report - 30 June 2025

Varsity Lakes Financial Services Limited

Directors' report

30 June 2025

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

Directors

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

Name:	Duane Damman Williams
Title:	Non-executive director
Experience and expertise:	Partner at MBA Lawyers. Practising for over 18 years. Admitted to the QLD Supreme Court and High Court of Australia.
Special responsibilities:	Chair

Name:	Stephen John Simpson
Title:	Non-executive director
Experience and expertise:	Former Regional Manager for Gold Coast, Bendigo Bank (retired Jan 2020). Extensive career in Banking and Finance, including Corporate, Business and Retail Banking in Australia, Fiji and the UAE (ANZ and Bendigo Bank). Currently a Director and Deputy Chair of Varsity Lakes Community Limited. Former member of Regional Development Australia Gold Coast Committee. Former Director of Silver Body Corporate Financial Services Pty Ltd.
Special responsibilities:	Treasurer

Name:	Wayne McArthur Clinton
Title:	Non-executive director
Experience and expertise:	BSc (Monash 1975), BD hons (MCD 1980), Voc Grad Diploma Community Services Management 2012. Wayne is Former President, Gold Coast Community Care Association Inc. and has a long history in Church organisations, School Chaplaincy committees, etc. Formerly Manager of a not-for-profit government funded disability support service which required oversight of quality systems, legislative compliance, financial management, HR management, etc. Founding Director of Varsity Lakes Financial Services Limited.
Special responsibilities:	Company Secretary

Name:	Eleanor Faye Gardner
Title:	Non-executive director
Experience and expertise:	Eleanor has been the CEO of Varsity Lakes Community Resource Centre Inc (non-profit) since 2017. Eleanor has past experience as a Gaming Finance Supervisor at The Star Gold Coast from 2001-2018. Eleanor holds a Master of Business (Philanthropy & Nonprofit Studies), Bachelor of Social Welfare, Diploma Business (Governance) and a Cert IV Frontline Management.
Special responsibilities:	Nil

Company secretary

The company secretary is Wayne McArthur Clinton. Wayne was appointed to the position of company secretary on 22 April 2009.

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 \$100,637 (2024: \$18,405).

Operations have continued to perform in line with expectations.

Dividends

No dividends were declared or paid in the current financial year.

Varsity Lakes Financial Services Limited

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30 June 2025

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

During the financial year, the board has held preliminary discussions with a third party (or parties) regarding the sale of the company's revenue rights under its franchise agreement with Bendigo Bank. The objective of these discussions is to maximise the value of the company's revenue rights for the benefit of its shareholders and stakeholders.

At the end of the financial year, discussions remained preliminary, and no binding agreements had been signed. No material developments had occurred in relation to this matter since the end of the financial year. Should negotiations proceed further, the transaction would be subject to shareholder approval at a general meeting. For these reasons, the timing and likelihood of such a sale transaction is very uncertain.

The board will continue to update shareholders should any material developments arise. In the meantime, the company remains focused on managing its footings to maintain and enhance shareholder and customer value. Further disclosure regarding this matter is omitted from the financial statements as this may result in unreasonable prejudice to the company.

Environmental regulation

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

Meetings of directors

The number of directors meetings attended by each of the directors of the company during the financial year were:

	Board Eligible	Attended
Wayne McArthur Clinton	5	5
Duane Damman Williams	5	4
Stephen John Simpson	5	5
Eleanor Faye Gardner	5	1

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.

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
Duane Damman Williams	-	-	-
Stephen John Simpson	4,000	-	4,000
Wayne McArthur Clinton	4,501	-	4,501
Eleanor Faye Gardner	-	-	-

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.

Varsity Lakes Financial Services Limited
Directors' report
30 June 2025

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

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

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

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

Auditor's independence declaration

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

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

On behalf of the directors



Stephen John Simpson
Non-executive director

6 November 2025



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

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

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

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

A handwritten signature in black ink, appearing to read 'Andrew Frewin Stewart', is positioned above the printed name.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 06 November 2025

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

Lachlan Tatt
Lead Auditor

Varsity Lakes Financial Services Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	721,902	757,192
Finance revenue		18,294	-
Other revenue		10,853	-
Total revenue		<u>751,049</u>	<u>757,192</u>
Employee benefits expense	7	(426,719)	(466,290)
Advertising and marketing costs		(2,714)	(5,998)
Occupancy and associated costs		(8,998)	(9,036)
System costs		(16,097)	(15,301)
Depreciation and amortisation expense	7	(57,271)	(107,249)
Finance costs		(7,313)	(8,993)
General administration expenses		(65,162)	(73,138)
Total expenses before community contributions and income tax		<u>(584,274)</u>	<u>(686,005)</u>
Profit before community contributions and income tax expense		166,775	71,187
Charitable donations and sponsorships expense		<u>(32,428)</u>	<u>(48,000)</u>
Profit before income tax expense		134,347	23,187
Income tax expense	8	<u>(33,710)</u>	<u>(4,782)</u>
Profit after income tax expense for the year		100,637	18,405
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>100,637</u></u>	<u><u>18,405</u></u>
		Cents	Cents
Basic earnings per share	25	16.19	2.96
Diluted earnings per share	25	16.19	2.96

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

Varsity Lakes Financial Services Limited
Statement of financial position
As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	68,599	85,000
Trade and other receivables	10	34,815	46,977
Investments	11	419,360	251,066
Total current assets		<u>522,774</u>	<u>383,043</u>
Non-current assets			
Property, plant and equipment	12	61,969	81,796
Right-of-use assets	13	95,328	125,376
Intangible assets	14	43,986	57,876
Deferred tax assets	8	12,677	8,092
Total non-current assets		<u>213,960</u>	<u>273,140</u>
Total assets		<u>736,734</u>	<u>656,183</u>
Liabilities			
Current liabilities			
Trade and other payables	15	27,976	23,569
Lease liabilities	16	39,699	39,699
Current tax liabilities	8	29,368	5,335
Total current liabilities		<u>97,043</u>	<u>68,603</u>
Non-current liabilities			
Trade and other payables	15	30,559	45,838
Lease liabilities	16	79,899	114,131
Provisions		21,554	20,569
Total non-current liabilities		<u>132,012</u>	<u>180,538</u>
Total liabilities		<u>229,055</u>	<u>249,141</u>
Net assets		<u>507,679</u>	<u>407,042</u>
Equity			
Issued capital	17	597,884	597,884
Accumulated losses		<u>(90,205)</u>	<u>(190,842)</u>
Total equity		<u>507,679</u>	<u>407,042</u>

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

Varsity Lakes Financial Services Limited
Statement of changes in equity
For the year ended 30 June 2025

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2023		597,884	(184,379)	413,505
Profit after income tax expense		-	18,405	18,405
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	18,405	18,405
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid		-	(24,868)	(24,868)
Balance at 30 June 2024		<u>597,884</u>	<u>(190,842)</u>	<u>407,042</u>
 Balance at 1 July 2024		 597,884	 (190,842)	 407,042
Profit after income tax expense		-	100,637	100,637
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	100,637	100,637
 Balance at 30 June 2025		 <u>597,884</u>	 <u>(90,205)</u>	 <u>507,679</u>

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

Varsity Lakes Financial Services Limited
Statement of cash flows
For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		808,075	830,643
Payments to suppliers and employees (inclusive of GST)		(623,036)	(686,435)
Interest received		18,294	-
Interest and other finance costs paid		-	(137)
Income taxes refunded/(paid)		(14,263)	4,964
Net cash provided by operating activities	24	<u>189,070</u>	<u>149,035</u>
Cash flows from investing activities			
Redemption of/(payment for) investments		(168,294)	(100,000)
Payments for intangible assets		(13,890)	(13,890)
Proceeds from disposal of property, plant and equipment		<u>17,272</u>	<u>-</u>
Net cash used in investing activities		<u>(164,912)</u>	<u>(113,890)</u>
Cash flows from financing activities			
Repayment of borrowings		-	(8,932)
Interest and other finance costs paid		(6,327)	(7,913)
Dividends paid		-	(24,868)
Repayment of lease liabilities		<u>(34,232)</u>	<u>(32,647)</u>
Net cash used in financing activities		<u>(40,559)</u>	<u>(74,360)</u>
Net decrease in cash and cash equivalents		(16,401)	(39,215)
Cash and cash equivalents at the beginning of the financial year		<u>85,000</u>	<u>124,215</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>68,599</u></u>	<u><u>85,000</u></u>

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

Varsity Lakes Financial Services Limited

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

The financial statements cover Varsity Lakes 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

Altias Pty Ltd, 12/11 Karp Court, Bundall QLD 4217

Principal place of business

Shop 7/195 Varsity Parade, Varsity Lakes QLD 4227

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 financial statements were authorised for issue, in accordance with a resolution of directors, on 6 November 2025. The directors have the power to amend and reissue the financial statements.

Going concern

The financial statements for the financial year ending 30 June 2025 have been prepared on the basis that the company is a going concern and it would continue its operations for a foreseeable future.

As disclosed in the 'Likely developments and expected results of operations' section of the directors' report, the board has held preliminary discussions with a third party (or parties) regarding the sale of the company's revenue rights under its franchise agreement with Bendigo Bank. If a sale were to occur, it is the board's intention to subsequently wind up the company's operations as its primary asset and income-generating activities would be transferred.

Nevertheless, based on the information available at the date of signing this financial report, the board expects that the company will continue in operational existence for the foreseeable future. This is because discussions around the potential sale of the revenue rights remained in the preliminary stage, no binding agreements had been signed and no material developments had occurred since the end of the financial year.

If negotiations were to proceed in the foreseeable future, the transaction would be subject to shareholder approval at a general meeting. As such, significant uncertainty exists as to whether a transaction will proceed and, if it does, the timing and terms of any such transaction.

The directors further note that the company recorded a strong financial position at 30 June 2025, with adequate resources to meet liabilities as they fall due. In the absence of any conclusive developments regarding the sale of the company's revenue rights, the board considers the going concern basis of preparation appropriate at this time.

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.

Varsity Lakes Financial Services Limited

Notes to the financial statements

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Note 3. Material accounting policy information (continued)

Accounting standards issued but not yet effective

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

Current and non-current classification

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

Investments

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

Varsity Lakes Financial Services Limited

Notes to the financial statements

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

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

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

Impairment of non-financial assets

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

Lease term

In determining the lease term for its premises lease, management has included the final five-year option period to August 2028. Although the renewal of this option has not yet been formally executed and negotiations with the lessor are ongoing, management has concluded it is reasonably certain the option will be exercised.

This judgement reflects the company's reliance on the premises for its operations, the absence of suitable alternative sites, the costs associated with relocation, and the company's history of occupancy. If the lease term were limited to the non-cancellable period, the right-of-use asset and lease liability would be materially lower.

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 September 2028.

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.

Varsity Lakes Financial Services Limited
Notes to the financial statements
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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

	2025	2024
	\$	\$
Margin income	657,689	682,075
Fee income	30,228	34,952
Commission income	<u>33,985</u>	<u>40,165</u>
	<u><u>721,902</u></u>	<u><u>757,192</u></u>

Accounting policy for revenue from contracts with customers

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

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

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

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:

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

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

Revenue calculation

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

Margin income

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

	Interest paid by customers on loans less interest paid to customers on deposits
plus:	any deposit returns i.e. interest return applied by Bendigo Bank for a deposit
minus:	any costs of funds i.e. interest applied by Bendigo Bank to fund a loan.

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

Commission income

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

Fee income

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

Core banking products

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

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.

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 7. Expenses

Employee benefits expense

	2025	2024
	\$	\$
Wages and salaries	310,326	374,129
Superannuation contributions	39,217	43,763
Expenses related to long service leave	1,254	7,776
Other expenses	75,922	40,622
	<u>426,719</u>	<u>466,290</u>

Accounting policy for employee benefits

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

Depreciation and amortisation expense

	2025	2024
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	9,259	49,435
Plant and equipment	1,058	1,127
Motor vehicles	3,016	5,138
	<u>13,333</u>	<u>55,700</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>30,048</u>	<u>30,130</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,315	3,577
Franchise renewal fee	11,575	17,842
	<u>13,890</u>	<u>21,419</u>
	<u>57,271</u>	<u>107,249</u>

During the previous financial year, the company conducted a reassessment of the useful life of its leasehold improvements to better align with the contractual terms of the lease agreement. Consequently, the end date for the useful life was revised from 2048 to 2028. Depreciation for the leasehold improvements has been recalculated from the asset commencement date based on this revised useful life, resulting in an increased depreciation expense for the previous financial year.

Varsity Lakes Financial Services Limited
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Note 8. Income tax

	2025	2024
	\$	\$
<i>Income tax expense</i>		
Current tax	38,295	5,335
Movement in deferred tax	(4,585)	(12,669)
Under/over adjustment	-	(1,015)
Recoupment of prior year tax losses	-	13,131
	<u>33,710</u>	<u>4,782</u>
<i>Aggregate income tax expense</i>		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	134,347	23,187
Tax at the statutory tax rate of 25%	33,587	5,797
Tax effect of:		
Non-deductible expenses	123	-
	<u>33,710</u>	<u>5,797</u>
Under/over adjustment	-	(1,015)
Income tax expense	<u>33,710</u>	<u>4,782</u>
	2025	2024
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	121	(4,164)
Lease liabilities	29,900	38,458
Provision for lease make good	5,388	5,142
Accrued expenses	1,100	-
Right-of-use assets	(23,832)	(31,344)
	<u>12,677</u>	<u>8,092</u>
Deferred tax asset		
	2025	2024
	\$	\$
Provision for income tax	<u>29,368</u>	<u>5,335</u>

Accounting policy for income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 9. Cash and cash equivalents

	2025	2024
	\$	\$
Cash at bank and on hand	<u>68,599</u>	<u>85,000</u>

Note 10. Trade and other receivables

	2025	2024
	\$	\$
Trade receivables	<u>17,855</u>	<u>33,712</u>
GST receivable	12,069	8,374
Prepayments	<u>4,891</u>	<u>4,891</u>
	<u>16,960</u>	<u>13,265</u>
	<u>34,815</u>	<u>46,977</u>
	2025	2024
	\$	\$
<i>Financial assets at amortised cost classified as trade and other receivables</i>		
Total trade and other receivables	34,815	46,977
Less: GST receivable (non-financial asset)	(12,069)	(8,374)
Less: prepayments (non-financial asset)	<u>(4,891)</u>	<u>(4,891)</u>
	<u>17,855</u>	<u>33,712</u>

Accounting policy for trade and other receivables

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

Note 11. Investments

	2025	2024
	\$	\$
<i>Current assets</i>		
Investment in managed funds	<u>419,360</u>	<u>251,066</u>

Accounting policy for investments

The company's investments comprise units held in Sandhurst Trustees Limited's Sandhurst Investment Term Fund. These investments are measured at fair value through profit or loss, with fair value determined based on the fund's published unit price at reporting date. Fund distributions are presented within finance revenue in profit or loss.

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 12. Property, plant and equipment

	2025	2024
	\$	\$
Leasehold improvements - at cost	165,145	165,145
Less: Accumulated depreciation	<u>(134,787)</u>	<u>(125,528)</u>
	<u>30,358</u>	<u>39,617</u>
Plant and equipment - at cost	59,022	59,022
Less: Accumulated depreciation	<u>(38,453)</u>	<u>(37,395)</u>
	<u>20,569</u>	<u>21,627</u>
Motor vehicles - at cost	28,259	52,341
Less: Accumulated depreciation	<u>(17,217)</u>	<u>(31,789)</u>
	<u>11,042</u>	<u>20,552</u>
	<u><u>61,969</u></u>	<u><u>81,796</u></u>

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

	Leasehold improvements	Plant and equipment	Motor vehicles	Total
	\$	\$	\$	\$
Balance at 1 July 2023	89,052	22,754	25,690	137,496
Depreciation	<u>(49,435)</u>	<u>(1,127)</u>	<u>(5,138)</u>	<u>(55,700)</u>
Balance at 30 June 2024	39,617	21,627	20,552	81,796
Disposals	-	-	(6,494)	(6,494)
Depreciation	<u>(9,259)</u>	<u>(1,058)</u>	<u>(3,016)</u>	<u>(13,333)</u>
Balance at 30 June 2025	<u><u>30,358</u></u>	<u><u>20,569</u></u>	<u><u>11,042</u></u>	<u><u>61,969</u></u>

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	5 to 20 years
Plant and equipment	3 to 40 years
Motor vehicles	5 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.

Varsity Lakes Financial Services Limited
Notes to the financial statements
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Note 13. Right-of-use assets

	2025	2024
	\$	\$
Land and buildings - right-of-use	275,777	275,777
Less: Accumulated depreciation	<u>(180,449)</u>	<u>(150,401)</u>
	<u><u>95,328</u></u>	<u><u>125,376</u></u>

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

	Land and buildings \$
Balance at 1 July 2023	153,482
Remeasurement adjustments	2,024
Depreciation expense	<u>(30,130)</u>
Balance at 30 June 2024	125,376
Depreciation expense	<u>(30,048)</u>
Balance at 30 June 2025	<u><u>95,328</u></u>

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2025	2024
	\$	\$
Franchise fee	44,015	44,015
Less: Accumulated amortisation	<u>(36,684)</u>	<u>(34,369)</u>
	<u>7,331</u>	<u>9,646</u>
Franchise renewal fee	170,068	170,068
Less: Accumulated amortisation	<u>(133,413)</u>	<u>(121,838)</u>
	<u>36,655</u>	<u>48,230</u>
	<u><u>43,986</u></u>	<u><u>57,876</u></u>

Varsity Lakes Financial Services Limited
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30 June 2025

Note 14. Intangible assets (continued)

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	1,648	8,196	9,844
Additions	11,575	57,876	69,451
Amortisation expense	(3,577)	(17,842)	(21,419)
Balance at 30 June 2024	9,646	48,230	57,876
Amortisation expense	(2,315)	(11,575)	(13,890)
Balance at 30 June 2025	<u>7,331</u>	<u>36,655</u>	<u>43,986</u>

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	September 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	September 2028

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

Note 15. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Other payables and accruals	<u>27,976</u>	<u>23,569</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>30,559</u>	<u>45,838</u>

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>39,699</u>	<u>39,699</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>79,899</u>	<u>114,131</u>

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2025 \$	2024 \$
Opening balance	153,830	185,316
Remeasurement adjustments	-	1,161
Lease interest expense	6,327	7,913
Lease payments - total cash outflow	<u>(40,559)</u>	<u>(40,560)</u>
	<u><u>119,598</u></u>	<u><u>153,830</u></u>

Accounting policy for lease liabilities

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

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

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

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in calculations
Varsity Lakes Branch	4.79%	Holdover	5 years	Yes	August 2028

The lease term for the company's premises has been determined to extend to August 2028, reflecting the inclusion of the final five-year renewal option. Although the renewal has not yet been formally executed and remains under negotiation with the lessor, management has assessed that it is reasonably certain the option will be exercised.

This assessment is based on the company's ongoing operational reliance on the premises, the lack of suitable alternative sites, and the significant costs that would be incurred if the company were required to relocate. Refer to note 4 for further details.

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	621,709	621,709	621,709	621,709
Less: Equity raising costs	<u>-</u>	<u>-</u>	<u>(23,825)</u>	<u>(23,825)</u>
	<u><u>621,709</u></u>	<u><u>621,709</u></u>	<u><u>597,884</u></u>	<u><u>597,884</u></u>

Accounting policy for issued capital

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

Varsity Lakes Financial Services Limited

Notes to the financial statements

30 June 2025

Note 17. Issued capital (continued)

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 93. As at the date of this report, the company had 102 shareholders (2024: 102 shareholders).

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

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

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

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 17. Issued capital (continued)

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

No dividends were declared or paid in the current financial year (2024: \$24,868 - 4 cents unfranked)

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	-	4,964
Franking credits (debits) arising from income taxes paid (refunded)	14,263	(4,964)
	<u>14,263</u>	<u>-</u>
<i>Franking transactions that will arise subsequent to the financial year end:</i>		
Balance at the end of the financial year	14,263	-
Franking credits (debits) that will arise from payment (refund) of income tax	29,368	5,335
Franking credits available for future reporting periods	<u>43,631</u>	<u>5,335</u>

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.

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 20. Financial risk management (continued)

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

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

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

	2025 \$	2024 \$
Financial assets at amortised cost		
Trade and other receivables (note 10)	17,855	33,712
Cash and cash equivalents (note 9)	68,599	85,000
	<u>86,454</u>	<u>118,712</u>
Financial assets at fair value through profit and loss		
Investments (note 11)	<u>419,360</u>	<u>251,066</u>
Financial liabilities at amortised cost		
Trade and other payables (note 15)	58,535	69,407
Lease liabilities (note 16)	119,598	153,830
	<u>178,133</u>	<u>223,237</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets 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 term deposits.

The company's financial assets measured at FVTPL comprise investments in Sandhurst Managed Funds 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.

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 20. Financial risk management (continued)

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

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

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market-interest rates. The company held cash and cash equivalents of \$68,599 and term deposits of \$419,360 at 30 June 2025 (2024: \$85,000 and \$251,066).

Price risk

The primary goal of the company's investment in managed funds is to hold the investments for the long term for strategic purposes.

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				
Non-derivatives				
Trade and other payables	27,976	30,559	-	58,535
Lease liabilities	49,621	169,537	-	219,158
Total non-derivatives	77,597	200,096	-	277,693
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Non-derivatives				
Trade and other payables	23,569	45,838	-	69,407
Lease liabilities	40,560	128,440	-	169,000
Total non-derivatives	64,129	174,278	-	238,407

Varsity Lakes Financial Services Limited
Notes to the financial statements
30 June 2025

Note 21. Key management personnel disclosures

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

Duane Damman Williams
Wayne McArthur Clinton

Stephen John Simpson
Eleanor Faye Gardner

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 \$
Sponsorship to Varsity Lakes Community Limited, of which Stephen John Simpson is a director and deputy chair.	25,000	30,000
Sponsorship to Varsity Lakes Community Resource Centre Inc, of which Eleanor Faye Gardner is the chief executive officer.	-	12,500

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	9,400	9,035
<i>Other services</i>		
Taxation advice and tax compliance services	265	700
General advisory services	4,410	2,990
Share registry services	3,670	3,780
	8,345	7,470
	17,745	16,505

Varsity Lakes Financial Services Limited
Notes to the financial statements
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	100,637	18,405
Adjustments for:		
Depreciation and amortisation	57,271	64,944
Impairment	-	42,305
Net gain on disposal of non-current assets	(10,778)	-
Lease liabilities interest	6,327	7,913
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	12,162	(2,181)
Decrease in income tax refund due	-	4,964
Increase in deferred tax assets	(4,585)	(553)
Increase in trade and other payables	3,019	6,960
Increase in provision for income tax	24,032	5,335
Increase in other provisions	985	943
Net cash provided by operating activities	<u>189,070</u>	<u>149,035</u>

Note 25. Earnings per share

	2025	2024
	\$	\$
Profit after income tax	<u>100,637</u>	<u>18,405</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>621,709</u>	<u>621,709</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>621,709</u>	<u>621,709</u>
	Cents	Cents
Basic earnings per share	16.19	2.96
Diluted earnings per share	16.19	2.96

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.

Varsity Lakes Financial Services Limited
Directors' declaration
30 June 2025

In the directors' opinion:

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

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

On behalf of the directors



Stephen John Simpson
Non-executive director

6 November 2025



Andrew Frewin Stewart
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Independent auditor's report to the Directors of Varsity Lakes Financial Services Limited Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Varsity Lakes 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 Varsity Lakes 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.

Emphasis of matter

We draw attention to Note 2 of the financial statements and to the 'Likely developments and expected results of operations' section of the directors' report, which describes the company's intention to pursue the sale of its revenue rights to another entity. If this transaction proceeds, the company intends to wind up its operations, as its primary assets and core business activities would be transferred to another entity.

At the date of this report, discussions remain preliminary and are conditional on various matters, as described in the financial report. There is significant uncertainty as to whether, and when, such a transaction may occur.

The directors expect the company will continue to operate for the foreseeable future and, for these reasons, continue to prepare the financial statements on a going concern basis. Our opinion is not modified in respect of this matter.

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.



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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 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: 6 November 2025

Lachlan Tatt
Lead Auditor