

Annual Report

2025

Moorabool
Community
Enterprises Limited

Community Bank
Ballan & District

ABN 46 148 907 591

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Chair's report

In our 14th year of operation on behalf of the Board of Moorabool Community Enterprises Limited (MCEL), I have great pleasure in presenting this year's Chairman's report.

After weathering recent years of economic uncertainty, we are now beginning to see the positive momentum that comes from strong leadership, a loyal customer base, and a continued commitment to our local communities. This past year has been one of progress, resilience, and reinvestment. Under the leadership of our dedicated Branch Manager Amanda Embling, and supported by her growing and capable team, our bank has continued to thrive. Amanda's consistent and passionate stewardship of the branch continues to be a cornerstone of our success. Her focus on customer service, community engagement, and team development remains exemplary. Our Business Development Manager, Blaz Rakas, has now completed his first full year with us and is proving to be a valuable asset, actively growing relationships and identifying new opportunities to strengthen our position. Alongside Amanda and Blaz the rest of the customer-facing team have played an integral role in welcoming and serving new and existing customers with professionalism and care.

One of the most exciting developments this year has been the start of the renovation of our new branch premises at Inglis Street, Ballan. This modern, welcoming space reflects both our commitment to the future and our confidence in the growth of our business and our town. We are on track for our official opening in November 2025. A special thank you to Robert Eskdale and Barry Sims for their tireless work in bringing this project to life, along with all board members who contributed to its success.

Financially, I am pleased to report that we have maintained and grown our business footing. This has enabled us to continue making our strong community investment. This year, we delivered over \$270,000 in grants, sponsorships and donations, taking our total contribution to more than \$2.4 million since our inception in 2011. These investments are making a tangible difference to sporting clubs, schools, health services and many other important local initiatives. Our landmark \$100,000 contribution to the Bungaree

Recreation Reserve oval resurfacing last year has inspired other recreation reserve committees to take similar action – and we are proud to see our model of partnership and support being used to leverage further funding and community benefit across West Moorabool. This year we contributed funds to Ballan Fire Brigade, Gordon Recreation Reserve, Mt Egerton Recreation Reserve, Dunnstown Community Centre, Navigators Community Centre to name a few.

We also take pride in seeing the economic ripple effect of our activities – local contractors, suppliers, and tradespeople benefit from our projects, and the strength of our banking business translates directly into local jobs and prosperity.

Our Board continues to be a major driver of our success. This year, we welcomed Jodie Mullane and Mark Conlan, both of whom bring deep community insight and commitment to our work. I thank them for their willingness to volunteer their time and skills. I also extend my ongoing gratitude to Vice Chairman Dominic Hanrahan, Treasurer Kellee Frazer, Company Secretary Michelle Baker, Leo Bruinier, and board members, Brayden Leonard, Robert Eskdale, Barry Sims and Mark Conroy for their outstanding work and unwavering commitment to our mission.

Every customer, every shareholder, and every dollar that stays with our branch contributes to stronger, more vibrant local communities. We ask all our shareholders and supported organisations to continue being advocates for our bank and to encourage others to bank local and make the switch.

Looking ahead, we are confident in the road before us. We are positioned for continued growth, new partnerships, and greater community outcomes. The strength of our banking operations means we are now in a place to think even bigger and to support projects that can shape the future of our region.

On behalf of the entire board of Moorabool Community Enterprises Ltd, thank you for your continued trust and support. Together, we are not just banking; we are building a better Ballan and beyond.

Darren Rix
Chairman

Manager's report

It's with great pride that I present the annual Branch Managers report for the Community Bank Ballan & District for the financial year ending 2025.

This year has been one of growth, resilience and continued commitment to serving our customers and supporting our local community.

One of our key purposes is reinvesting profits into the community this year we returned \$70,333 to our local community by way of projects for schools, clubs, not for profit organisations and offered scholarships to some amazing students. We also funded \$164,780 from our charitable fund to support impactful local community projects.

We have a team of dedicated staff members who continue to provide personal and professional service to our customers. We invest in staff training to improve our skills to improve ourselves and what we can offer to our community.

Like many in the banking sector we have challenges including shifts in digital banking demand, increase in financial crimes and scams. By maintaining strong compliance and risk management and ensuring our customers have adapted to the changing technology, we are helping to keep people safe.

We are all looking forward to moving into our new branch in November. This shows that as a Community Bank, we are here to stay and committed to our community, shareholders and customers.

I extend my sincere thanks to our volunteer board of directors for their commitment, guidance and governance.

I'd also like to thank our customers for supporting us, which in turn supports and improves the community in which they live. Without you, we would not be able to do what we do.

The staff at Community Bank Ballan & District are second to none I am forever grateful to everyone in this dedicated team. They have worked very hard this year, and this has allowed us to grow and support the community.

Together, I hope we can continue to build a stronger community through our banking.

Amanda Embling
Branch Manager

Moorabool Community Enterprises Limited

Financial Report

ABN: 46 148 907 591

For the year ended
30 June 2025

Directors’ Report

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

Information on 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:

Darren Patrick Rix
Chair, Community Engagement & Investment Committee, Strategic Planning Committee

Business Owner/Operator. Darren operates an AVIS car and truck rental franchise in Ballarat, Bendigo, Footscray and Western Victoria, Budget car and truck rental franchises in Ballarat and Bendigo. Darren has been in business for 28 years and the rental business for 24 years.

He is on the Committee of the Bungaree Football Netball Club and is a Life Member. He is also a member of the Bungaree Recreation Reserve Committee of Management. He is on the local Economic Advisory Committee for the Economic Development & Activation Department of the Moorabool Shire and is the Vice Chair and Director of the Association of Avis Franchises Ltd.

Robert John Eskdale
Chair of Asset & Capital Management Committee, Strategic Planning Committee

Consultant Engineer and Town Planner. Robert is a Civil Engineer who has spent over 27 years in local Government including 13 years as Shire Engineer with the former Ballan Shire Council. For the last 26 years Robert has run his own local Engineering & Town Planning Consultancy; and is currently transitioning to retirement. Robert is a Director and Vice President of the Ballan Hospital Board and a member of the Ballan Jockey Club.

Mark Francis Conroy
Member of Community Engagement & Investment Committee and Strategic Planning Committee

Bachelor of Applied Science (Agriculture). Member of the Gordon Football Netball Club committee. Sales Director at Driscoll’s Australia.

Dominic Gerard Hanrahan
Deputy Chair, Community Engagement & Investment Committee, Strategic Planning Committee

Born in Ballarat, Dominic has at lived Navigators for the past 25 years with his wife and children. He grew up nearby on a potato farm at Dunnstown and attended St Patrick’s College in Ballarat. Dominic graduated from the University of Ballarat with a degree in Applied Science (Computer Science/Laboratory Instrumentation) in 1990.

Dominic is a farmer who grows pyrethrum on contract for Botanical Resources Australia. The pyrethrum is grown in a rotation with canola and wheat. Oats are grown for hay as well as ryegrass and clover pastures. Dominic breeds Angus cattle and fattens second cross lambs.

Dominic was previously in the Information Technology business for 30 years and has a background in cyber forensics mostly working for IBM Australia. Dominic most recently worked for The Ballarat Base Hospital as a Linux Systems Administrator.

Dominic was previously on the St Francis Xavier Primary School Board and is a member of the Mt Warrenheip CFA.

Barry Francis Sims
Asset & Capital Management Committee, Strategic Planning Committee

Retired. Barry has lived in the area for more than 40 years and has always supported local businesses. Barry was a local builder, Christmas tree farmer, holiday unit manager and now runs storage shed business . He has retired, handing the reigns to the 3rd generation of builders. Barry is a former Committee member of the Ballan Football Netball Club and Mt Egerton Tennis Club. He is actively involved with and is a Committee member of the Ballan Golf Club.

Brayden James Leonard
Member of Community Engagement & Investment Committee, Governance and Risk Committee and Strategic Planning Committee

Bachelor of Commerce (Accounting) from Federation University. Accountant at Mulcahy & Co Accounting 2017- 2021. Finance Manager at TB White & Sons Pty Ltd 2021 - current. CPA - 2023.

Directors’ report (continued)

Kellee Ann Frazer
Member of Community Engagement & Investment Committee, Governance and Risk Committee and Strategic Planning Committee

Self employed. Kellee was born and raised in Ballarat and now lives in Gordon with her husband, Adam and three children. Adam and Kellee own and operate two small businesses, one of these is based in Melbourne and the other in Bacchus Marsh.

Kellee currently studies part time to obtain a Bachelor of Accounting. She has actively been a part of the Gordon community for the past 20 years, including committee of management positions for Gordon Playgroup, Wallace & District kindergarten, School Advisory Council and Parents and Friends St Patrick Primary Gordon. She has also been the Secretary, among many other positions at the Gordon Football & Netball Club Inc. for the past 9 years. She now looks forward to this opportunity to assist the Ballan & District Community Bank.

Mark Anthony Conlan
Member of Strategic Planning Committee

Mark has completed a bachelor’s in business and a master’s in taxation. Currently Mark is the treasurer of Ballan FNC, Moorabool Landcare and Moorabool Wind Farm Advisory Group. He is a director for Nanloc Pty Ltd SMSF and has been a member of the CFA for 30 years. Prior roles include being the finance admin manager for Wesfarmers Northern Victoria, team leader and executive auditor for the ATO, and working for Elders Agribusiness in both branch manager and real estate positions.

Julian Prendergast
Non-executive director (appointed 24 September 2025)

Jodie Nichole Mullane
Member of Community Engagement & Investment Committee and Strategic Planning Committee (resigned 3 September 2025)

Jodie works for St Brigid’s Primary School as the administration officer and risk and compliance officer. She also works for the Ballan Football Netball Club in the secretary position.

Ian Sfetcopoulos
Member of Governance & Risk Committee and Strategic Planning Committee (resigned 30 September 2024)

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

Company Secretary

The company secretary is Michelle Louise Baker. Michelle was appointed to the position of company secretary on 23 June 2022.

Principal activities

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 \$229,929 (30 June 2024: \$149,465).

Operations have continued to perform in line with expectations.

Dividends paid or recommended

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 9 cents per share (2024: 9 cents)	67,690	67,690

Significant changes in state of affairs

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

Directors’ report (continued)

Meetings of directors

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

	Board		Community Engagement & Investment Committee		Governance & Risk Committee		Asset & Capital Management Committee		Strategic Planning Committee	
	E	A	E	A	E	A	E	A	E	A
Darren Patrick Rix	11	9	3	2	-	-	4	4	1	1
Robert John Eskdale	11	8	-	-	-	-	4	4	1	1
Dominic Gerard Hanrahan	11	11	3	4	-	-	-	-	1	1
Barry Francis Sims	11	9	-	-	-	-	4	4	1	1
Kellee Ann Frazer	11	9	3	5	2	2	-	-	1	1
Brayden James Leonard	11	8	2	4	2	2	-	-	1	1
Mark Francis Conroy	11	8	3	4	-	-	-	-	1	1
Mark Anthony Conlan	11	9	-	-	-	-	-	-	1	1
Julian Prendergast	-	-	-	-	-	-	-	-	-	-
Jodie Nichole Mullane	11	8	3	4	-	-	-	-	1	1
Ian Sfetcopoulos	2	-	-	-	-	-	-	-	-	-

Eligible: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

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
Darren Patrick Rix	17,501	-	17,501
Robert John Eskdale	16,000	-	16,000
Dominic Gerard Hanrahan	14,834	18,001	32,835
Barry Francis Sims	35,000	-	35,000
Kellee Ann Frazer	3,000	-	3,000
Brayden James Leonard	1,500	-	1,500
Mark Francis Conroy	-	-	-
Mark Anthony Conlan	-	-	-
Julian Prendergast	-	-	-
Jodie Nichole Mullane	2,001	-	2,001
Ian Sfetcopoulos	-	-	-

Directors’ report (continued)

Matters subsequent to the end of the financial year

On 3 September 2025, the board announced a dividend of 9 cents per share, totalling \$67,690. This dividend was not recognised as a liability at 30 June 2025, as it was declared after the reporting period. The dividend is expected to be paid on 11 November 2025.

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

Likely developments 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’ 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.

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.

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.

Directors' report (continued)

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:

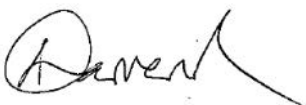
- all non-audit services have been reviewed by the Governance and Risk Committee to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 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



Darren Patrick Rix

Dated: 09 September 2025

Auditor's independence declaration



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

Independent auditor's independence declaration under section 307C of the *Corporations Act 2001* to the Directors of Moorabool Community Enterprises Limited

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

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



Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 09 September 2025



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	1,371,609	1,439,202
Other revenue		-	14,682
Finance revenue		982	1
Gain on remeasurement of right-of-use assets		-	15,604
Total revenue		<u>1,372,591</u>	<u>1,469,489</u>
Employee benefits expense	7	(677,010)	(593,083)
Advertising and marketing costs		(19,233)	(12,873)
Occupancy and associated costs		(52,952)	(25,742)
System costs		(36,704)	(31,256)
Depreciation and amortisation expense	7	(82,998)	(110,054)
Finance costs	7	(1,092)	(6,137)
General administration expenses		(125,112)	(128,684)
Total expenses before community contributions and income tax		<u>(995,101)</u>	<u>(907,829)</u>
Profit before community contributions and income tax expense		377,490	561,660
Charitable donations, sponsorships and grants expense		<u>(70,333)</u>	<u>(364,580)</u>
Profit before income tax expense		307,157	197,080
Income tax expense	8	<u>(77,228)</u>	<u>(47,615)</u>
Profit after income tax expense for the year		229,929	149,465
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>229,929</u></u>	<u><u>149,465</u></u>
		Cents	Cents
Basic earnings per share	25	30.57	19.87
Diluted earnings per share	25	30.57	19.87

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 June 30 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	332,030	139,700
Trade and other receivables	10	135,980	122,656
Non-current assets classified as held for sale	13	323,398	323,398
Total current assets		<u>791,408</u>	<u>585,754</u>
Non-current assets			
Property, plant and equipment	11	899,846	934,825
Right-of-use assets	12	-	15,448
Intangible assets	14	17,304	30,282
Deferred tax assets	8	28,916	15,533
Total non-current assets		<u>946,066</u>	<u>996,088</u>
Total assets		<u>1,737,474</u>	<u>1,581,842</u>
Liabilities			
Current liabilities			
Trade and other payables	15	105,153	162,303
Lease liabilities	16	-	18,454
Current tax liabilities	8	75,611	18,166
Employee benefits		25,224	24,650
Lease make good provision		20,000	19,288
Total current liabilities		<u>225,988</u>	<u>242,861</u>
Non-current liabilities			
Borrowings		134	154
Employee benefits		12,439	2,153
Total non-current liabilities		<u>12,573</u>	<u>2,307</u>
Total liabilities		<u>238,561</u>	<u>245,168</u>
Net assets		<u><u>1,498,913</u></u>	<u><u>1,336,674</u></u>
Equity			
Issued capital	17	690,987	690,987
Retained earnings		807,926	645,687
Total equity		<u><u>1,498,913</u></u>	<u><u>1,336,674</u></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		690,987	563,912	1,254,899
Profit after income tax expense		-	149,465	149,465
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	149,465	149,465
<i>Transactions with owners in their capacity as ovr</i>				
Dividends provided for or paid	19	-	(67,690)	(67,690)
Balance at 30 June 2024		<u>690,987</u>	<u>645,687</u>	<u>1,336,674</u>
Balance at 1 July 2024		690,987	645,687	1,336,674
Profit after income tax expense		-	229,929	229,929
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	229,929	229,929
<i>Transactions with owners in their capacity as ovr</i>				
Dividends provided for or paid	19	-	(67,690)	(67,690)
Balance at 30 June 2025		<u>690,987</u>	<u>807,926</u>	<u>1,498,913</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)		1,500,473	1,627,744
Payments to suppliers and employees (inclusive of GST)		(1,165,409)	(1,280,207)
Interest received		982	1
Interest and other finance costs paid		(97)	(847)
Income taxes paid		(33,166)	(55,149)
Net cash provided by operating activities	24	<u>302,783</u>	<u>291,542</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(43,098)	(50,946)
Proceeds from disposal of property, plant and equipment		19,091	-
Net cash used in investing activities		<u>(24,007)</u>	<u>(50,946)</u>
Cash flows from financing activities			
Proceeds from borrowings		770,000	-
Repayment of borrowings		(770,020)	(29,988)
Interest and other finance costs paid		(282)	(4,465)
Dividends paid	19	(67,690)	(67,690)
Repayment of lease liabilities		(18,454)	(33,007)
Net cash used in financing activities		<u>(86,446)</u>	<u>(135,150)</u>
Net increase in cash and cash equivalents		192,330	105,446
Cash and cash equivalents at the beginning of the financial year		<u>139,700</u>	<u>34,254</u>
Cash and cash equivalents at the end of the financial year	9	<u>332,030</u>	<u>139,700</u>

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

Notes to the financial statements

For the year ended 30 June 2025

Note 1. Reporting entity

The financial statements cover Moorabool Community Enterprises 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 Shop 1 & 2 135 Inglis Street, Ballan Vic 3342.

A description of the nature of the company's operations and its principal activity is included in the directors' report, which is not part of the financial statements.

Note 2. Basis of preparation and statement of compliance

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards and Interpretations adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB). The financial statements have been prepared on an accrual and historical cost basis and are presented in Australian dollars, which is the company's functional and presentation currency.

The directors have a reasonable expectation that the company has adequate resources to pay its debts as and when they fall due for the foreseeable future. For these reasons, the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2025. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 (continued)

For the 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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

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

Lease term

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

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 November 2026.

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 (continued)

For the 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	1,055,317	1,110,618
Fee income	88,935	91,054
Commission income	227,357	237,530
	<u>1,371,609</u>	<u>1,439,202</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.

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

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 6. Revenue from contracts with customers (continued)

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.

Note 7. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	579,963	504,574
Non-cash benefits	8,400	6,692
Superannuation contributions	67,805	51,778
Expenses related to long service leave	(2,328)	(4,586)
Other expenses	23,170	34,625
	<u>677,010</u>	<u>593,083</u>

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Buildings	16,562	16,561
Leasehold improvements	20,547	41,089
Plant and equipment	2,603	2,797
Motor vehicles	<u>14,860</u>	<u>9,777</u>
	<u>54,572</u>	<u>70,224</u>
 <i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>15,448</u>	<u>26,852</u>
 <i>Amortisation of intangible assets</i>		
Franchise fee	2,163	2,163
Franchise renewal process fee	<u>10,815</u>	<u>10,815</u>
	<u>12,978</u>	<u>12,978</u>
	<u>82,998</u>	<u>110,054</u>

Finance costs

	2025 \$	2024 \$
Bank loan interest paid or accrued	97	764
Lease interest expense	282	4,546
Unwinding of make good provision	<u>713</u>	<u>827</u>
	<u>1,092</u>	<u>6,137</u>

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

Charitable donations, sponsorships and grants expense

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	70,333	244,580
Contribution to the Community Enterprise Foundation™	<u>-</u>	<u>120,000</u>
	<u>70,333</u>	<u>364,580</u>

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

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

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	90,610	55,877
Movement in deferred tax	(13,382)	(6,045)
Under/over adjustment in respect for prior periods	-	(2,217)
	<u>77,228</u>	<u>47,615</u>
Aggregate income tax expense		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>307,157</u>	<u>197,080</u>
Tax at the statutory tax rate of 25%	76,789	49,270
Tax effect of:		
Non-deductible expenses	<u>439</u>	<u>562</u>
	<u>77,228</u>	<u>49,832</u>
Under/over adjustment in respect for prior periods	-	(2,217)
Income tax expense	<u>77,228</u>	<u>47,615</u>

	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	13,325	2,209
Employee benefits	9,416	6,701
Lease liabilities	-	4,613
Provision for lease make good	5,000	4,822
Accrued expenses	1,175	1,050
Right-of-use assets	-	(3,862)
	<u>28,916</u>	<u>15,533</u>
Deferred tax asset		
	<u>2025 \$</u>	<u>2024 \$</u>
Provision for income tax	<u>75,611</u>	<u>18,166</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>332,030</u>	<u>139,700</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>123,559</u>	<u>115,262</u>
Other receivables	2,249	1,129
Prepayments	<u>10,172</u>	<u>6,265</u>
	<u>12,421</u>	<u>7,394</u>
	<u>135,980</u>	<u>122,656</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. Property, plant and equipment

	2025 \$	2024 \$
Land - at cost	<u>175,000</u>	<u>175,000</u>
Buildings - at cost	662,456	662,456
Less: Accumulated depreciation	<u>(41,381)</u>	<u>(24,819)</u>
	<u>621,075</u>	<u>637,637</u>
Leasehold improvements - at cost	169,865	169,865
Less: Accumulated depreciation	<u>(169,865)</u>	<u>(149,318)</u>
	<u>-</u>	<u>20,547</u>
Plant and equipment - at cost	44,461	44,461
Less: Accumulated depreciation	<u>(36,537)</u>	<u>(33,934)</u>
	<u>7,924</u>	<u>10,527</u>
Motor vehicles - at cost	70,269	68,958
Less: Accumulated depreciation	<u>(14,812)</u>	<u>(9,777)</u>
	<u>55,457</u>	<u>59,181</u>
Works in progress - at cost	<u>40,390</u>	<u>31,933</u>
	<u>899,846</u>	<u>934,825</u>

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 11. Property, plant and equipment (continued)

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

	Land \$	Buildings \$	Leasehold improvements \$	Plant and equipment \$	Motor vehicles \$	Works in progress \$	Total \$
Balance at 1 July 2023	175,000	654,198	61,636	11,971	33,330	17,968	954,103
Additions	-	-	-	1,353	35,628	13,965	50,946
Depreciation	-	(16,561)	(41,089)	(2,797)	(9,777)	-	(70,224)
Balance at 30 June 2024	175,000	637,637	20,547	10,527	59,181	31,933	934,825
Additions	-	-	-	-	34,641	8,457	43,098
Disposals	-	-	-	-	(23,505)	-	(23,505)
Depreciation	-	(16,562)	(20,547)	(2,603)	(14,860)	-	(54,572)
Balance at 30 June 2025	175,000	621,075	-	7,924	55,457	40,390	899,846

Accounting policy for property, plant and equipment

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

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

Buildings	40 years
Leasehold improvements	2 to 6 years
Motor vehicles	3 to 5 years
Plant and equipment	3 to 40 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. Land is not depreciated.

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

Note 12. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	149,937	149,937
Less: Accumulated depreciation	(149,937)	(134,489)
	-	15,448

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 12. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2023	85,587
Remeasurement adjustments	(43,287)
Depreciation expense	(26,852)
Balance at 30 June 2024	15,448
Depreciation expense	(15,448)
Balance at 30 June 2025	-

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 13. Non-current assets classified as held for sale

	2025 \$	2024 \$
Current assets		
Land	323,398	323,398

The company currently has the intention to sell the land at 114 Inglis Street, Ballan.

Note 14. Intangible assets

	2025 \$	2024 \$
Franchise fee	32,007	32,007
Less: Accumulated amortisation	(29,123)	(26,960)
	2,884	5,047
Franchise renewal fee	110,036	110,036
Less: Accumulated amortisation	(95,616)	(84,801)
	14,420	25,235
	17,304	30,282

Notes to the Financial statements (continued)

For the year ended 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	7,210	36,050	43,260
Amortisation expense	(2,163)	(10,815)	(12,978)
Balance at 30 June 2024	5,047	25,235	30,282
Amortisation expense	(2,163)	(10,815)	(12,978)
Balance at 30 June 2025	<u>2,884</u>	<u>14,420</u>	<u>17,304</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:

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	November 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2026

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

Note 15. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	7,112	34,026
Other payables and accruals	98,041	128,277
	<u>105,153</u>	<u>162,303</u>
	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	105,153	162,303
less GST payable to the ATO, included in trade and other payables	(26,375)	(12,990)
	<u>78,778</u>	<u>149,313</u>

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	-	18,454
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	18,454	112,571
Remeasurement adjustments	-	(61,110)
Lease interest expense	282	4,465
Lease payments - total cash outflow	(18,736)	(37,472)
	<u>-</u>	<u>18,454</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 elected to incur remeasurement adjustments in the previous period to reflect the board's decision to relocate branches from 4/135 Inglis Street to 4/132 Inglis Street. Initially the 4/135 Inglis Street lease was expected to continue until 30 September 2026 but as a result of the planned relocation, it was remeasured to end as of 31 December 2024. Construction is currently underway at the 4/132 Inglis Street premises and the company continues to operate out of the 4/135 Inglis Street premises on a month-by-month arrangement, which has been assessed as short-term for lease purposes.

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
Ballan Branch	7.50%	5 years	N/A	N/A	December 2024

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	752,110	752,110	752,110	752,110
Less: Equity raising costs	-	-	(23,517)	(23,517)
Less: Returned capital	-	-	(37,606)	(37,606)
	<u>752,110</u>	<u>752,110</u>	<u>690,987</u>	<u>690,987</u>

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 17. Issued capital (continued)

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

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 277. As at the date of this report, the company had 282 shareholders (2024: 288 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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 17. Issued capital (continued)

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

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

Note 18. Capital management

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

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

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

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

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

Note 19. Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 9 cents per share (2024: 9 cents)	67,690	67,690

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 19. Dividends (continued)

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	255,121	222,535
Franking credits (debits) arising from income taxes paid (refunded)	33,166	55,149
Franking debits from the payment of franked distributions	(22,563)	(22,563)
	<u>265,724</u>	<u>255,121</u>

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

Balance at the end of the financial year	265,724	255,121
Franking credits (debits) that will arise from payment (refund) of income tax	75,611	18,166
Franking credits available for future reporting periods	<u>341,335</u>	<u>273,287</u>

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

Accounting policy for dividends

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

Note 20. Financial risk management

The company's financial instruments include trade receivables and payables, cash and cash equivalents, 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.

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		
Cash and cash equivalents (note 9)	332,030	139,700
Trade and other receivables excluding prepayments (note 10)	<u>125,808</u>	<u>116,391</u>
	<u>457,838</u>	<u>256,091</u>
Financial liabilities at amortised cost		
Trade and other payables (note 15)	78,778	149,313
Lease liabilities (note 16)	-	18,454
Bank loans	<u>134</u>	<u>154</u>
	<u>78,812</u>	<u>167,811</u>

Notes to the Financial statements (continued)

For the 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 measures its financial assets at amortised cost.

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

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 measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised cost comprise trade and other payables, bank loans 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 \$332,030 at 30 June 2025 (2024: \$139,700).

Price risk

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

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

	2025		2024	
	Nominal interest rate %	Balance \$	Nominal interest rate %	Balance \$
Bank loans	7.75%	<u>134</u>	7.89%	<u>154</u>
Net exposure to cash flow interest rate risk		<u>134</u>		<u>154</u>

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

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 20. Financial risk management (continued)

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				
Bank loans	134	-	-	134
Trade and other payables	78,778	-	-	78,778
Total non-derivatives	78,912	-	-	78,912
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Bank loans	154	-	-	154
Trade and other payables	149,313	-	-	149,313
Lease liabilities	18,454	-	-	18,454
Total non-derivatives	167,921	-	-	167,921

Note 21. Key management personnel disclosures

The following persons were directors of Moorabool Community Enterprises Limited during the financial year and/or up to the date of signing of these Financial Statements.

Darren Patrick Rix	Brayden James Leonard
Dominic Gerard Hanrahan	Mark Anthony Conlan
Kellee Ann Frazer	Julian Prendergast
Mark Francis Conroy	Jodie Nichole Mullane
Robert John Eskdale	Ian Sfetcopoulos
Barry Francis Sims	

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.

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 22. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
The company made sponsorships to community groups where company directors also are committee members.	32,693	55,636

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 \$
Audit services		
Audit or review of the financial statements	6,750	6,450
Other services		
Taxation advice and tax compliance services	950	1,714
General advisory services	3,241	2,870
Share registry services	6,911	6,297
	11,102	10,881
	17,852	17,331

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	229,929	149,465
Adjustments for:		
Depreciation and amortisation	82,998	110,054
Net loss on disposal of non-current assets	4,414	-
Gain on remeasurement of right-of-use assets	-	(15,604)
Lease liabilities interest	282	4,465
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(13,324)	28,479
Increase in deferred tax assets	(13,383)	(6,044)
Increase/(decrease) in trade and other payables	(57,150)	17,235
Increase/(decrease) in provision for income tax	57,445	(1,489)
Increase in employee benefits	10,860	2,869
Increase in other provisions	712	2,112
Net cash provided by operating activities	302,783	291,542

Notes to the Financial statements (continued)

For the year ended 30 June 2025

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>229,929</u>	<u>149,465</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>752,110</u>	<u>752,110</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>752,110</u>	<u>752,110</u>
	Cents	Cents
Basic earnings per share	30.57	19.87
Diluted earnings per share	30.57	19.87

Note 26. Commitments

The company has appointed a contractor who is currently completing project works associated with the relocation of the Ballan branch. The company has been approved for a 10-year, \$770,000 loan to facilitate the works on the new location of the Ballan branch. Project works are expected to be finalised before December 2025.

	2025 \$
<i>Capital commitments</i>	
Committed at the reporting date but not recognised as liabilities, payable:	
Property, plant and equipment	<u>702,172</u>

Note 27. Contingencies

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

Note 28. Events after the reporting period

On 3 September 2025, the board announced a dividend of 9 cents per share, totalling \$67,690. This dividend was not recognised as a liability at 30 June 2025, as it was declared after the reporting period. The dividend is expected to be paid on 11 November 2025.

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

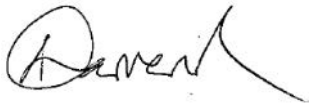
Directors' declaration

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;
- 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


Darren Patrick Rix
Chair

09 September 2025

Independent audit report



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

Independent auditor’s report to the Directors of Moorabool Community Enterprises Limited

Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Moorabool Community Enterprises 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 Moorabool Community Enterprises Limited (the company), which comprises the:

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

Basis for opinion

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

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

Other information

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

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

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

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

Independent audit report (continued)



Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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: 09 September 2025

Jessica Ritchie
Lead Auditor

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