

Community Bank Lowood - Fernvale



annual
report
2026

Somerset Region

Community Enterprises Limited

ABN 33 138 179 450



Contents

Contents page	1
Chairman's report	2
Manager's report	3
Bendigo statement to shareholders	4
Directors report	5-9
Auditor's independent declaration	10
Financial statement and notes	11-32
Director's declaration	33
Independent Audit report	34-35
Sponsorship/grant recipients	36

Vision Statement

Partnering strong prosperous communities

Mission Statement

***Delivering quality banking services to the mutual
benefit of clients and communities
in the Somerset Region***

Chairman's report

Chairman's Report For the year ending 30 June 2026

I am pleased to once again announce an excellent result for Community Bank Lowood - Fernvale

We have been able to provide our shareholders with a 2025 dividend of 15c with expectations of a similar dividend this year.

With Government changes around negative gearing and capital gains tax, we are waiting to see if this affects our business going forward. However, history has shown that we must be flexible and take on all challenges that come our way. We have a great working partnership with Bendigo Bank who keeps us up to date with all the market conditions of the banking world.

Our company has continued to grow. With that in mind, we are now outsourcing some administrative functions. In so doing, we have engaged an external bookkeeper to assist our treasurer which has been a productive relationship.

Another focus this year has been a more professional & strategic approach to promote ourselves in the online world. We have had a six-month trial with an external company managing our online footprint and the initial results have been extremely encouraging. We will continue to monitor this program into the future.

At the vitally important branch level, our continued growth is a reflection of the hard work and commitment that Caroline and her team have done to assist our customers in a highly regulated industry with continuing digital assaults. Our thanks and praise go to her and the team.

We have had no changes to our board, and we continue to work together for the betterment of the company, our team includes; Mark Leahy Vice-chair, Anne Utz Company Secretary & Treasurer, Laurisa Wendt Minute Secretary, Brett Freese Sponsorship Chair, Sarah Moulds Marketing director, Susan Pitkin Marketing Support, Russel Ogilvie & Malcolm Sippel Directors.

In conclusion, I would like to extend my thanks to our shareholders and loyal customers for their support during the last financial year and look forward to another great year.



Aaron Heck
Chairman



Manager's report

Manager's Report For the year ending 30 June 2026

This past financial year has been another rewarding journey for Community Bank Lowood – Fernvale. As we navigated the shifting economic landscape, our primary focus remained exactly where it should be, on our customers. While the year began with rising cost-of-living pressures for many in our region our team doubled down on strengthening our existing relationships. We took the time to listen, understand, and tailor solutions to ensure our customers were well-positioned to meet their financial goals.

This dedication to our existing base not only fostered incredible loyalty but also laid a strong foundation for growth. As market conditions evolved, we were perfectly positioned to welcome new business, successfully maintaining our income and delivering another year of robust results.

Of course, the heart of our branch is our exceptional team. Their daily commitment to our customers and their genuine passion for our community are what make this branch so special. I want to sincerely thank Sue Kendrick (Customer Relationship Manager), Leonie Sippel (Customer Relationship Officer), Heidi Pomery (Customer Relationship Officer), Kealy Smith (Customer Service officer), Verena Walker (Customer Service Officer), and Krystal Slater (Customer Service Officer). After 8 years in the Community Bank, we farewelled Verena as she started her retirement journey, however we welcomed onboard our newest team member Mariella Curmi (Customer Service Officer).

We are also proud of our ongoing partnership with Bendigo Bank. Their comprehensive framework, product offerings, and backend support empower us to deliver top-tier banking services locally. Additionally, we continue to provide valuable protection and peace of mind for our customers through our partnership with CGU.

A business like ours thrives on strong leadership, and we are fortunate to be guided by Chairman Aaron Heck and our dedicated Board of Directors. Every decision they make is viewed through the lens of what is best for our community's health and the sustainability of our branch. We are incredibly grateful for the countless volunteer hours they contribute.

Finally, to our shareholders—thank you. Your continued faith and investment in us make this all possible. Together, we are writing a unique community banking story here in the Somerset region, one that we can all be immensely proud of.



Caroline Bradley
Branch Manager



Bendigo Bank message

Community Bank Report 2026

BEN Message

This year marked the first chapter of delivering on Bendigo Bank's 2030 Strategy.

Our purpose remains central to who we are – to feed into the prosperity of our customers and community – and our strategy brings a new focus on areas including innovation, digital ease and setting the benchmark for trust and societal impact.

We are making strong progress with new digital features to enhance the customer experience. Notably, Community Link is allowing customers to join us through e-banking while retaining a connection to their local branch.

In FY25, more than \$50 million was invested back into local communities, adding to a total of \$416 million since 1998. Our Scholarship Program remains one of the largest of its kind in Australia, with an incredible 70 Community Banks participating in 2026, and more than \$1.6m in scholarships awarded.

Our model evolution project is now helping to inform a holistic strategic review of the Community Bank model. The review is considering a broad range of factors to strengthen the model for the future, including growth, community impact, revenue share and non-financial risk. As an organisation, we remain committed to the Community Bank model and the important role it plays in achieving our 2030 Strategy.

Bendigo Bank has been supporting customers and communities across Australia for more than 160 years and for the past 27 years, the Community Bank model has been a driving force for positive impact.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your belief and support of our purpose have been instrumental in our success. I look forward to seeing us grow together and continue supporting our communities to prosper.

Warmest regards,

Justine Minne

Head of Community Banking, Bendigo Bank

Directors' report

Somerset Region Community Enterprises Limited

Directors' report

30 June 2026

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2026.

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:	Aaron Leigh Heck
Title:	Chairman
Experience and expertise:	Aaron previously worked in management for Colorado Group from 1990-2005. He ran and managed a motel from 2005-2010 and has been managing a footwear retail store since 2013. Aaron is involved with the Lutheran church and running their local senior units (Trinity Haven Units).
Special responsibilities:	Budget Committee, Marketing Committee.
Name:	Anne Louise Utz
Title:	Secretary
Experience and expertise:	Anne was a practising accountant for 30 years until selling the practice and retiring on 30 June 2020. She holds a Bachelor of Business (tertiary qualification). Anne is currently a partner on a family grazing property. She has been inaugural Treasurer and Tuckshop Convenor at Faith Lutheran College, Plainland P&C Association and is a past member of the Coominya Historical Society.
Special responsibilities:	Secretary.
Name:	Brett Wayne Freese
Title:	Marketing Chairman
Experience and expertise:	Brett has considerable experience in ICT and Local Government. He has an Associate Diploma in mathematics and computing. He is extensively involved in local community work as a Director of the Glamorgan Vale Water Board, Treasurer of the Glamorgan Vale Tennis Club and Vice President the Glamorgan Vale Community Hall. He is a member of the Lowood State High School P&C Association and a Life Member of Glamorgan Vale State School P&C. He was elected as a Councillor to Somerset Regional Council in March 2024. He owns a small crop and cattle farm in Glamorgan Vale.
Special responsibilities:	Marketing Committee Chair, Grants & Sponsorship Committee Chair.
Name:	Mark Edward Leahy
Title:	Vice-Chairman
Experience and expertise:	Mark has a Bachelor of Engineering (agric), Grad Cert. Precision Agriculture and Cert. IV Assessing and Training. Mark has worked for Agdata Australia since 1984 and currently designs and develops financial and production computer record keeping software for farming businesses and provides support and training to clients using the software. Member and elected executive of Lowood & District Junior Rugby League Club from 2004-2014 and Brisbane Miniature Enthusiasts Association from 1998 - 2010.
Special responsibilities:	Marketing Committee.
Name:	Malcom John Sippel
Title:	Non-executive director
Experience and expertise:	Malcolm is a licenced plumber, drainer and gas fitter and owns his own plumbing business. He has served as President and a committee member of the Lowood Golf Club and as a committee member of the Lowood Show Society.
Special responsibilities:	Marketing Committee.

Directors' report (continued)

Somerset Region Community Enterprises Limited Directors' report 30 June 2026

Name:	Laurisa Anne Wendt
Title:	Non-executive director
Experience and expertise:	Laurisa has worked as a bookkeeper in law firms, a veterinary surgery and a newsagency. She has also worked in administration to help run a successful small business, whilst being a stay at home mum. She has served as treasurer on the Lowood and District Community Kindergarten Association. Laurisa currently runs cattle grazing properties, together with her husband and 3 boys.
Special responsibilities:	Minute secretary.
Name:	Sarah Jay Moulds
Title:	Non-executive director
Experience and expertise:	Currently completing a Master in Teaching at Uni SQ while working as a part-time Teacher's Aide at Lowood State High School. Previously was a Marketing Manager at Knight Frank Australia in Asset Management, and prior to that an Account Manager for New Beach Digital.
Special responsibilities:	Marketing Committee.
Name:	Russel John Donaldson Ogilvie
Title:	Non-executive director
Experience and expertise:	Russel currently works as a Bookkeeper in Lowood, having recently completed a Cert IV in Bookkeeping and Accounting. This has come after a career change from a 31 year career as a Mathematics teacher in 5 countries. Russel has a BSc and DipEd from the University of Tasmania and an MA in Pure and Applied Maths from Sydney University. Currently I am studying a Diploma of Accounting.
Special responsibilities:	Nil.
Name:	Susan Jayne Pitkin
Title:	Non-executive director (<i>appointed 30 July 2025</i>)
Experience and expertise:	Executive Assistant to Mayor and Chief Executive Officer, Somerset Regional Council 2004-2021. Personal Assistant to Federal Court Justice Richard Cooper 1992-2004. Associated to Honourable Justice Richard Cooper Supreme Court of Queensland 1990-1991. Member Lowood Futures Advisory Group 2025/2026.
Name:	Sharyn Marree Voss
Title:	Treasurer (<i>resigned 18 November 2025</i>)
Experience and expertise:	Sharyn has been employed by Bundaleer Lodge Nursing Home since 1981 and now serves as a personal assistant to the Director of the nursing home. She has a Diploma in Management, Business & Administration and also serves as a Commissioner of Declarations. She is Secretary/Treasurer of the South East Queensland Illawarra Cattle Club and serves on the Queensland Dairy Showcase Committee. Sharyn and her husband own and operate a cattle transport business from their dairy farm at Glamorgan Vale since 1986.
Special responsibilities:	Treasurer, Marketing Committee.
Name:	Chrisann Ting Ling Lee
Title:	Non-executive director (<i>resigned 18 November 2025</i>)
Experience and expertise:	Chrisann has spent nearly 20 years in the higher education sector, including 15 years as lecturer at the QUT Business School. After undertaking a year of yoga teaching training in 2022, she now runs her own yoga and wellness business.
Special responsibilities:	Assistant Treasurer.

Company secretary

The company secretary is Anne Louise Utz. Anne was appointed to the position of secretary on 24 April 2023.

Principal activity

The principal activity of the company during the financial year was facilitating Community Bank services under management rights of Bendigo and Adelaide Bank Limited (Bendigo Bank).

There have been no significant changes in the nature of this activity during the financial year.

Directors' report (continued)

Somerset Region Community Enterprises Limited Directors' report 30 June 2026

Review of operations

The profit for the company after providing for income tax amounted to \$102,009 (30 June 2025: \$159,490).

Operations have continued to perform in line with expectations.

Dividends

During the financial year, the following dividends were provided for and paid. The dividends have been provided for in the financial statements.

	2026 \$	2025 \$
Fully franked dividend of 15 cents per share (2025: 12 cents)	91,111	72,889

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2026 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

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.

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		Business Planning		Grants Meeting		Risk Management	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Aaron Leigh Heck	11	9	1	1	3	2	1	1
Anne Louise Utz	11	11	1	1	3	2	1	1
Brett Wayne Freese	11	9	1	1	3	3	1	-
Mark Edward Leahy	11	10	1	1	3	3	1	1
Malcom John Sippel	11	9	1	-	3	3	1	1
Laurisa Anne Wendt	11	10	1	1	3	1	1	1
Sarah Jay Moulds	11	9	1	1	3	2	1	1
Russel John Donaldson								
Ogilvie	11	10	1	1	3	2	1	-
Susan Jayne Pitkin	10	8	1	1	3	2	1	1
Sharyn Marree Voss	11	3	-	-	1	1	-	-
Chrisann Ting Ling Lee	11	3	-	-	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. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' report (continued)

Somerset Region Community Enterprises Limited Directors' report 30 June 2026

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
Aaron Leigh Heck	833	-	833
Anne Louise Utz	10,000	-	10,000
Brett Wayne Freese	1	-	1
Mark Edward Leahy	1,000	-	1,000
Malcom John Sippel	10,000	-	10,000
Laurisa Anne Wendt	1,500	-	1,500
Sarah Jay Moulds	-	-	-
Russel John Donaldson Ogilvie	-	-	-
Susan Jayne Pitkin	-	-	-
Sharyn Marree Voss	5,750	-	5,750
Chrisann Ting Ling Lee	3,000	-	3,000

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 2026 and up to the date of this report.

Indemnity and insurance of directors and officers

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

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

Proceedings on behalf of the company

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

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

Indemnity and insurance of auditor

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

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

Non-audit services

The 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:

Directors' report (continued)

Somerset Region Community Enterprises Limited

Directors' report

30 June 2026

- 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



Aaron Leigh Heck
Chair

16 September 2026

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 Somerset Region Community Enterprises Limited

As lead auditor for the audit of Somerset Region Community Enterprises Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 16 September 2026

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

Jessica Ritchie
Lead Auditor

Financial statements

Somerset Region Community Enterprises Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Revenue from contracts with customers	6	1,315,955	1,301,644
Other revenue		717	-
Finance revenue		25,174	38,476
Total revenue		<u>1,341,846</u>	<u>1,340,120</u>
Employee benefits expense	7	(570,106)	(559,304)
Advertising and marketing costs		(32,950)	(12,173)
Occupancy and associated costs		(25,766)	(28,561)
System costs		(19,594)	(18,426)
Depreciation and amortisation expense	7	(68,744)	(66,472)
Finance costs		(35,712)	(12,837)
General administration expenses		(93,482)	(96,738)
Total expenses before community contributions and income tax expense		<u>(846,354)</u>	<u>(794,511)</u>
Profit before community contributions and income tax expense		495,492	545,609
Charitable donations, sponsorships and grants expense	7	<u>(358,892)</u>	<u>(331,338)</u>
Profit before income tax expense		136,600	214,271
Income tax expense	8	<u>(34,591)</u>	<u>(54,781)</u>
Profit after income tax expense for the year		102,009	159,490
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>102,009</u></u>	<u><u>159,490</u></u>
		Cents	Cents
Basic earnings per share	25	16.79	26.26
Diluted earnings per share	25	16.79	26.26

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

Financial statements (continued)

Somerset Region Community Enterprises Limited Statement of financial position As at 30 June 2026

	Note	2026 \$	2025 \$
Assets			
Current assets			
Cash and cash equivalents	9	17,810	67,922
Trade and other receivables	10	114,076	110,383
Investments	11	675,732	577,485
Current tax assets	8	4,615	11,531
Total current assets		<u>812,233</u>	<u>767,321</u>
Non-current assets			
Property, plant and equipment	12	152,949	167,081
Right-of-use assets	13	459,479	474,162
Intangible assets	14	52,025	67,543
Deferred tax assets	8	4,505	1,178
Total non-current assets		<u>668,958</u>	<u>709,964</u>
Total assets		<u>1,481,191</u>	<u>1,477,285</u>
Liabilities			
Current liabilities			
Trade and other payables	15	35,283	28,090
Lease liabilities	16	52,338	49,951
Employee benefits		31,804	41,989
Total current liabilities		<u>119,425</u>	<u>120,030</u>
Non-current liabilities			
Lease liabilities	16	444,213	446,008
Employee benefits		8,770	13,956
Provisions		8,580	7,986
Total non-current liabilities		<u>461,563</u>	<u>467,950</u>
Total liabilities		<u>580,988</u>	<u>587,980</u>
Net assets		<u>900,203</u>	<u>889,305</u>
Equity			
Issued capital	17	585,786	585,786
Retained earnings		<u>314,417</u>	<u>303,519</u>
Total equity		<u>900,203</u>	<u>889,305</u>

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

Financial statements (continued)

Somerset Region Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2026

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2024		585,786	216,918	802,704
Profit after income tax expense		-	159,490	159,490
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	159,490	159,490
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(72,889)	(72,889)
Balance at 30 June 2025		<u>585,786</u>	<u>303,519</u>	<u>889,305</u>
 Balance at 1 July 2025		 585,786	 303,519	 889,305
Profit after income tax expense		-	102,009	102,009
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	102,009	102,009
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(91,111)	(91,111)
Balance at 30 June 2026		<u>585,786</u>	<u>314,417</u>	<u>900,203</u>

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

Financial statements (continued)

Somerset Region Community Enterprises Limited Statement of cash flows For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,439,236	1,434,465
Payments to suppliers and employees (inclusive of GST)		(1,238,296)	(1,179,657)
Interest received		28,247	28,617
Interest and other finance costs paid		-	(325)
Income taxes paid		(31,002)	(132,515)
Net cash provided by operating activities	24	198,185	150,585
Cash flows from investing activities			
Investment in/(redemption of) term deposits		(98,247)	28,066
Payments for property, plant and equipment	12	(6,658)	(6,360)
Payments for intangibles		-	(70,946)
Net cash used in investing activities		(104,905)	(49,240)
Cash flows from financing activities			
Interest and other finance costs paid		(35,119)	(11,518)
Dividends paid	19	(91,111)	(72,889)
Repayment of lease liabilities		(17,162)	(36,672)
Net cash used in financing activities		(143,392)	(121,079)
Net decrease in cash and cash equivalents		(50,112)	(19,734)
Cash and cash equivalents at the beginning of the financial year		67,922	87,656
Cash and cash equivalents at the end of the financial year	9	17,810	67,922

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

Notes to the financial statements

Somerset Region Community Enterprises Limited **Notes to the financial statements** **30 June 2026**

Note 1. Reporting entity

The financial statements cover Somerset Region 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 15/6 Walter Street, Lowood QLD 4311.

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 16 September 2026. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

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

Adoption of new and revised accounting standards

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

Accounting standards issued but not yet effective

Australian Accounting Standards and Interpretations that have recently 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 2026. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 (effective for annual reporting periods beginning on or after 1 January 2027) will replace AASB 101 *Presentation of Financial Statements*. Early adoption is permitted.

The new standard does not change how amounts are recognised or measured. However, it will change how information is presented and disclosed in the financial statements. This includes a revised structure for the statement of profit or loss and other comprehensive income, new subtotals, and additional disclosures for certain performance measures.

The company intends to adopt the standard from 1 July 2027. The impact is expected to be limited to changes in presentation and disclosure.

Current and non-current classification

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

Notes to the financial statements

Somerset Region Community Enterprises Limited **Notes to the financial statements** **30 June 2026**

Note 3. Material accounting policy information (continued)

Impairment of financial assets

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited **Notes to the financial statements** **30 June 2026**

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

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 March 2030.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 5. Economic dependency (continued)

The company operates as a franchise of Bendigo Bank, using the name "Bendigo Bank" and the logo and system of operations of Bendigo Bank. The company manages the Community Bank on behalf of Bendigo Bank, however all transactions with customers conducted through the Community Bank are effectively conducted between the customers and Bendigo Bank.

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

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

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

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

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

Note 6. Revenue from contracts with customers

	2026 \$	2025 \$
Margin income	1,151,632	1,143,801
Fee income	86,653	86,090
Commission income	77,670	71,753
	<u>1,315,955</u>	<u>1,301,644</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.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 6. Revenue from contracts with customers (continued)

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

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

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

Revenue calculation

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

Margin income

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

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

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.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 7. Expenses

Employee benefits expense

	2026 \$	2025 \$
Wages and salaries	491,416	466,163
Non-cash benefits	3,420	8,333
Superannuation contributions	58,268	55,228
Expenses related to long service leave	(6,147)	7,321
Other expenses	23,149	22,259
	<u>570,106</u>	<u>559,304</u>

Accounting policy for employee benefits

The company secondes 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

	2026 \$	2025 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	16,251	16,252
Plant and equipment	4,538	3,087
	<u>20,789</u>	<u>19,339</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	32,437	34,065
<i>Amortisation of intangible assets</i>		
Franchise fee	2,588	2,178
Franchise renewal fee	12,930	10,890
	<u>15,518</u>	<u>13,068</u>
	<u>68,744</u>	<u>66,472</u>

Charitable donations, sponsorships and grants expense

	2026 \$	2025 \$
Direct donation, sponsorship and grant payments	27,901	30,285
Contribution to the Community Enterprise Foundation™	330,991	301,053
	<u>358,892</u>	<u>331,338</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 and are held by the Community Enterprise Foundation™ (CEF) and are available for distribution as grants to eligible applicants for a specific purpose in consultation with the directors.

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

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 7. Expenses (continued)

Finance costs

	2026 \$	2025 \$
Lease interest expense	35,119	11,519
Unwinding of make-good provision	593	934
Other	-	384
	<u>35,712</u>	<u>12,837</u>

Note 8. Income tax

	2026 \$	2025 \$
<i>Income tax expense</i>		
Current tax	37,917	53,495
Movement in deferred tax	(3,326)	1,286
Aggregate income tax expense	<u>34,591</u>	<u>54,781</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	136,600	214,271
Tax at the statutory tax rate of 25%	34,150	53,568
Tax effect of:		
Non-deductible expenses	441	1,213
Income tax expense	<u>34,591</u>	<u>54,781</u>

	2026 \$	2025 \$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(16,064)	(18,909)
Employee benefits	10,143	13,986
Provision for lease make good	2,145	1,997
Accrued expenses	816	1,225
Income accruals	(1,803)	(2,571)
Lease liabilities	124,138	123,990
Right-of-use assets	(114,870)	(118,540)
Deferred tax asset	<u>4,505</u>	<u>1,178</u>

	2026 \$	2025 \$
Income tax refund due	<u>4,615</u>	<u>11,531</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.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 8. Income tax (continued)

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Note 9. Cash and cash equivalents

	2026 \$	2025 \$
Cash at bank and on hand	17,810	67,922

Note 10. Trade and other receivables

	2026 \$	2025 \$
Trade receivables	101,842	92,810
Accrued income	7,210	10,283
Prepayments	5,024	7,290
	12,234	17,573
	114,076	110,383

	2026 \$	2025 \$
<i>Financial assets at amortised cost classified as trade and other receivables</i>		
Total trade and other receivables	114,076	110,383
Less prepayments, included in trade and other receivables	(5,024)	(7,290)
	109,052	103,093

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

	2026 \$	2025 \$
<i>Current assets</i>		
Term deposits	675,732	577,485

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 12. Property, plant and equipment

	2026 \$	2025 \$
Leasehold improvements - at cost	285,080	285,080
Less: Accumulated depreciation	(154,314)	(138,063)
	<u>130,766</u>	<u>147,017</u>
Plant and equipment - at cost	90,045	83,388
Less: Accumulated depreciation	(67,862)	(63,324)
	<u>22,183</u>	<u>20,064</u>
	<u><u>152,949</u></u>	<u><u>167,081</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 \$	Total \$
Balance at 1 July 2024	163,269	16,791	180,060
Additions	-	6,360	6,360
Depreciation	(16,252)	(3,087)	(19,339)
Balance at 30 June 2025	147,017	20,064	167,081
Additions	-	6,657	6,657
Depreciation	(16,251)	(4,538)	(20,789)
Balance at 30 June 2026	<u><u>130,766</u></u>	<u><u>22,183</u></u>	<u><u>152,949</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 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	10 to 40 years
Plant and equipment	2.5 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.

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 13. Right-of-use assets

	2026 \$	2025 \$
Land and buildings - right-of-use	662,752	644,998
Less: Accumulated depreciation	(203,273)	(170,836)
	<u><u>459,479</u></u>	<u><u>474,162</u></u>

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 13. 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 2024	66,954
Remeasurement adjustments	441,273
Depreciation expense	(34,065)
Balance at 30 June 2025	474,162
Remeasurement adjustments	17,754
Depreciation expense	(32,437)
Balance at 30 June 2026	459,479

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

	2026 \$	2025 \$
Franchise fee	44,057	44,057
Less: Accumulated amortisation	(35,388)	(32,800)
	8,669	11,257
Franchise renewal fee	170,285	170,285
Less: Accumulated amortisation	(126,929)	(113,999)
	43,356	56,286
	52,025	67,543

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 2024	1,611	8,054	9,665
Additions	11,824	59,122	70,946
Amortisation expense	(2,178)	(10,890)	(13,068)
Balance at 30 June 2025	11,257	56,286	67,543
Amortisation expense	(2,588)	(12,930)	(15,518)
Balance at 30 June 2026	8,669	43,356	52,025

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 14. Intangible assets (continued)

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)	March 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2030

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

Note 15. Trade and other payables

	2026	2025
	\$	\$
<i>Current liabilities</i>		
Trade payables	10,906	10,090
Other payables and accruals	24,377	18,000
	<u>35,283</u>	<u>28,090</u>
	2026	2025
	\$	\$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	35,283	28,090
Less statutory amounts refundable/(payable), included in trade and other payables	(2,383)	6,265
	<u>32,900</u>	<u>34,355</u>

Note 16. Lease liabilities

	2026	2025
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	52,338	49,951
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	444,213	446,008
	<u>496,551</u>	<u>495,959</u>

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 16. Lease liabilities (continued)

Reconciliation of lease liabilities

	2026 \$	2025 \$
Opening balance	495,959	76,201
Remeasurement adjustments	17,754	456,430
Lease interest expense	35,119	11,518
Lease payments - total cash outflow	(52,281)	(48,190)
	<u>496,551</u>	<u>495,959</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 available	Reasonably certain to exercise options	Lease term end date used in calculations
Lowood Branch	7.43%	5 years	2 x 5 years	Yes	March 2040
Storage Shed	7.43%	5 years	1 x 5 years	Yes	March 2035

Note 17. Issued capital

	2026 Shares	2025 Shares	2026 \$	2025 \$
Ordinary shares - fully paid	607,407	607,407	607,407	607,407
Less: Equity raising costs	-	-	(21,621)	(21,621)
	<u>607,407</u>	<u>607,407</u>	<u>585,786</u>	<u>585,786</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited **Notes to the financial statements** **30 June 2026**

Note 17. Issued capital (continued)

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

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

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

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

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

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

Note 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.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 18. Capital management (continued)

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.

	2026 \$	2025 \$
Fully franked dividend of 15 cents per share (2025: 12 cents)	91,111	72,889

Franking credits

	2026 \$	2025 \$
Franking account balance at the beginning of the financial year	223,974	115,756
Franking credits (debits) arising from income taxes paid (refunded)	31,001	132,515
Franking debits from the payment of franked distributions	(30,370)	(24,296)
	224,605	223,975

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

Balance at the end of the financial year	224,605	223,975
Franking credits (debits) that will arise from payment (refund) of income tax	(4,615)	(11,531)
Franking credits available for future reporting periods	219,990	212,444

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 in the financial year they are declared.

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.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

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.

	2026 \$	2025 \$
Financial assets at amortised cost		
Cash and cash equivalents (note 9)	17,810	67,922
Trade and other receivables excluding prepayments (note 10)	109,052	103,093
Investments (note 11)	675,732	577,485
	<u>802,594</u>	<u>748,500</u>
Financial liabilities at amortised cost		
Trade and other payables (note 15)	32,900	34,355
Lease liabilities (note 16)	496,551	495,959
	<u>529,451</u>	<u>530,314</u>

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, cash and cash equivalents and investments in term deposits.

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company measures its financial liabilities at amortised cost.

The company's financial liabilities comprise trade and other payables and lease liabilities.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 20. Financial risk management (continued)

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 \$17,810 and term deposits of \$675,732 at 30 June 2026 (2025: \$67,922 and \$577,485).

Price risk

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

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2026				
Trade and other payables	32,900	-	-	32,900
Lease liabilities	54,085	220,920	511,656	786,661
Total non-derivatives	86,985	220,920	511,656	819,561
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	34,355	-	-	34,355
Lease liabilities	51,619	211,387	547,977	810,983
Total non-derivatives	85,974	211,387	547,977	845,338

Note 21. Key management personnel disclosures

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

Aaron Leigh Heck
Anne Louise Utz
Brett Wayne Freese
Mark Edward Leahy
Malcom John Sippel
Laurisa Anne Wendt

Sarah Jay Moulds
Russel John Donaldson Ogilvie
Susan Jayne Pitkin
Sharyn Marree Voss
Chrisann Ting Ling Lee

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.

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

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

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

Terms and conditions of transactions with related parties

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

Transactions with related parties

There were no transactions with related parties during the current and previous financial year.

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:

	2026 \$	2025 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,718	8,140
<i>Other services</i>		
Taxation advice and tax compliance services	1,149	1,124
General advisory services	5,085	5,640
Share registry services	4,963	4,712
	11,197	11,476
	18,915	19,616

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

	2026 \$	2025 \$
Profit after income tax expense for the year	102,009	159,490
Adjustments for:		
Depreciation and amortisation	68,744	66,472
Lease liabilities interest	35,119	11,518
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,693)	(10,000)
Decrease/(increase) in income tax refund due	6,916	(11,531)
Decrease/(increase) in deferred tax assets	(3,327)	1,286
Increase/(decrease) in trade and other payables	7,194	(1,557)
Decrease in provision for income tax	-	(67,489)
Increase/(decrease) in employee benefits	(15,371)	1,462
Increase in other provisions	594	934
Net cash provided by operating activities	198,185	150,585

Notes to the financial statements (continued)

Somerset Region Community Enterprises Limited Notes to the financial statements 30 June 2026

Note 25. Earnings per share

	2026 \$	2025 \$
Profit after income tax	102,009	159,490
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	607,407	607,407
Weighted average number of ordinary shares used in calculating diluted earnings per share	607,407	607,407
	Cents	Cents
Basic earnings per share	16.79	26.26
Diluted earnings per share	16.79	26.26

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 2026 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

Somerset Region Community Enterprises Limited

Directors' declaration

30 June 2026

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 2026 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



Aaron Leigh Heck
Chair

16 September 2026

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 members of Somerset Region Community Enterprises Limited

Report on the Audit of the Financial Report

Our opinion

In our opinion, the accompanying financial report of Somerset Region Community Enterprises Limited (the company), 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 2026 and of its financial performance for the year ended on that date
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

We have audited the financial report of Somerset Region Community Enterprises Limited, which comprises:

- the Statement of financial position as at 30 June 2026
- the Statement of profit or loss and other comprehensive income for the year ended 30 June 2026
- the Statement of changes in equity for the year ended 30 June 2026
- the Statement of cash flows for the year ended 30 June 2026
- the 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 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.

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 Directors' Report, which we obtained prior to the date of this auditor's report, and the remaining information included in the company's Annual Report for the year ended 30 June 2026, which is expected to be made available to us after the date of this auditor's report. The other information does not include the financial report and our auditor's report thereon.

Independent audit report



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

Our opinion on the financial report does not cover the other information and accordingly we do 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 during the audit, or otherwise appears to be materially misstated.

At the date of this auditor's report, we have received and read the Directors' Report and have not identified any material inconsistency between that information and the financial report or our knowledge obtained during the audit.

The remaining other information included in the Annual Report is expected to be made available to us after the date of this auditor's report. When we read that information, if we conclude that there is a material misstatement therein, we are required to take appropriate action in accordance with the Australian Auditing Standards.

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that 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. Misstatements 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: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 16 September 2026

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

Jessica Ritchie
Lead Auditor

Sponsorship and Grants 2025-2026

<i>Organisation</i>	<i>Grant/sponsorship</i>	<i>Purpose</i>
<i>Somerset Regional Council</i>	<i>\$ 865.36 Sponsorship</i>	<i>Raffle Prize Mayors Ball</i>
<i>Lowood Show Society</i>	<i>\$ 2000 Sponsorship</i>	<i>Regional Show Girl</i>
<i>Lowood Show Society</i>	<i>\$ 125.99 Sponsorship</i>	<i>Regional Show Girl Raffle Prize</i>
<i>Brisbane Valley Soccer Club</i>	<i>\$ 3000 Grant</i>	<i>Presentation Event</i>
<i>Lowood & District Bowls Club</i>	<i>\$ 1000 Sponsorship</i>	<i>Spring Carnival</i>
<i>Glamorgan Vale Community Hall Assoc</i>	<i>\$ 25000 Grant</i>	<i>Permanent Pergola</i>
<i>Minden SS P & C Association</i>	<i>\$ 2500 Sponsorship</i>	<i>Minden Summer Festival</i>
<i>Lowood Fernvale Uniting Church</i>	<i>\$ 5483.30 Grant</i>	<i>Audio Visual Equipment</i>
<i>Toogoolawah District Progress Assoc</i>	<i>\$ 2500 Grant</i>	<i>Solar Lights for Xmas Carnival</i>
<i>Lowood Community Kindergarten Assoc</i>	<i>\$ 3000 Sponsorship</i>	<i>Kindy Fete</i>
<i>Valley of the Lakes Garden Club</i>	<i>\$ 2000 Sponsorship</i>	<i>Esk garden Fair</i>
<i>West Moreton Landcare</i>	<i>\$ 8250 Grant</i>	<i>Dual Axel Trailer</i>
<i>Esk SS P & C Assoc</i>	<i>\$ 5000 Grant</i>	<i>150th School Anniversary</i>
<i>Lukaemia Foundation</i>	<i>\$181.82 Sponsorship</i>	<i>Raffle Prizes</i>
<i>Somerset Storm Netball Club</i>	<i>\$ 3000 Sponsorship</i>	<i>Sponsorship</i>
<i>Lowood Tarampa Jnr Rugby League Club</i>	<i>\$ 600 Sponsorship</i>	<i>Sponsorship</i>
<i>Lowood Tarampa Jnr Rugby League Club</i>	<i>\$ 9526 Grant</i>	<i>Scoreboard</i>
<i>Lowood Show Society</i>	<i>\$ 6000 Grant</i>	<i>Flower Pavillion Roof</i>
<i>Football Academy</i>	<i>\$ 1000 Sponsorship</i>	<i>Multiple Player Burserys</i>
<i>Brisbane Valley Soccer Club</i>	<i>\$ 11000 Grant</i>	<i>Presentation Event</i>
<i>Lowood Swimming Club</i>	<i>\$ 2500 Grant</i>	<i>Club Equipment</i>
<i>Lowood Golf Club</i>	<i>\$ 25000 Grant</i>	<i>Mower</i>
<i>Lowood Show Society</i>	<i>\$ 4500 Sponsorship</i>	<i>Show & Show Ball</i>
<i>Minden District Baptist Church</i>	<i>\$ 4000 Grant</i>	<i>Tables & Chairs</i>
<i>Somerset Storm Netball Club</i>	<i>\$ 800 Grant</i>	<i>Post Pads</i>
<i>Esk Districk Shooters Union</i>	<i>\$ 4197 Grant</i>	<i>Laptops</i>
<i>Lowood Fernvale Dist Hack & Pony Club</i>	<i>\$ 5760 Grant</i>	<i>Equipment</i>
<i>Splityard Social</i>	<i>\$ 3000 Sponsorship</i>	<i>Legends of Beef</i>
<i>Toogoolawah Show Society</i>	<i>\$ 5000 Sponsorship</i>	<i>Show & Show Ball</i>
<i>Lions Club of Lowood</i>	<i>\$ 2326.47 Grant</i>	<i>Laser Printer & Shelves</i>
<i>Guides Australia</i>	<i>\$926.40 Grant</i>	<i>Compasses</i>
<i>Toogoolawah Christmas Tree</i>	<i>\$ 2000 Sponsorship</i>	<i>Christmas Carnival</i>
<i>Trinity Lutheran Church</i>	<i>\$ 13500 Grant</i>	<i>Hall Facilities</i>
<i>Toogoolawah Mens Shed</i>	<i>\$ 2699 Grant</i>	<i>Trailer</i>
<i>Clarendon SS P & C Assoc</i>	<i>\$ 2150 Grant</i>	<i>Defibrillator & Storage</i>
<i>Esk Show Society</i>	<i>\$ 4000 Sponsorship</i>	<i>Show & Show Ball</i>
<i>Police Citizens Youth Club</i>	<i>\$ 1350 Grant</i>	<i>Laser Tag Event</i>
<i>Mount Tarampa SS P & C Assoc</i>	<i>\$ 5000 Grant</i>	<i>Playground</i>
<i>Coominya Public Hall</i>	<i>\$ 2500 Sponsorship</i>	<i>Christmas Carnival</i>

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