

South East Community Enterprises Limited

(Formerly known as South East Districts Financial Services Limited)

ABN 50 147 950 178

Financial Report - 30 June 2025

South East Community Enterprises Limited
(Formerly known as South East Districts Financial Services Limited)
Directors' report
30 June 2025

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

Directors

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

Name: Michael Kenneth Gordon
Title: Non-executive director
Experience and expertise: 20+ years as director and principal of a management consulting business with a focus on governance and organisational development. Chief Executive Officer of a community sector peak body. Owner and operator of small businesses including primary production, transport, travel and retail. Director of state-owned company including chairperson of the Human Resources and Remuneration Committee and member of Policy & Rules Committee. Active in several community organisations including office bearer roles. Bachelor of Business (Human Resource Development); Graduate Diploma-Honours (Antarctic and Southern Ocean Studies); Graduate Diploma (Institute of Company Directors).
Special responsibilities: Chairman, Marketing & Sponsorship Committee

Name: Scott Alexander Gatehouse
Title: Non-executive director
Experience and expertise: Currently employed in operations management, experienced in numerous industry roles in Tasmania and the UK and has a Diploma of Business studies at the University of Lincoln. Scott is the leading Fire Fighter at Wattle Hill Fire Brigade, committee member of the South East Netball Association and past member of Sorell School Association. Past member of the Community Bank State Marketing Committee for Tasmania and past member of Agfest organising committee and agriculture show committees.
Special responsibilities: Marketing & Sponsorship Committee

Name: Anthony David Davis
Title: Non-executive director
Experience and expertise: Anthony operated in private practice as an accountant in Sorell for some 23 years and built a significant local client base until retiring in 2022 when he sold his practise to Bentleys Sorell. Served on the Board of South East Community Care Inc for 18 years until 2021, including as president. A founding member of the Business Council of Sorell, Anthony is a long-standing member and past president of the Sorell Lions Club and a member of Lodge Pembroke in Sorell. He was also on the Board of the Regional Community Learning and Development Centre – Levendale as their treasurer.
Special responsibilities: Treasurer, Company Secretary

Name: Michael Evan Larkins
Title: Non-executive director
Experience and expertise: Michael is soon to be a first-time father. He is a managing director, entrepreneur, and proud community advocate. He leads Larkins Tech and South Each Telco, owns his own coffee van which he attends major events with, and invests in Zambrero Rosny and Shoreline. He serves as a Sorell Councillor and Deputy Chair to this board. Michael brings to the board skills in Cyber security, IT operations, Business operations, risk mitigation and strategic partnerships.
Special responsibilities: Deputy Chair

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Name:	Janice Maree McConnon
Title:	Non-executive director
Experience and expertise:	Janice is a farmer with extensive involvement in her local community. Past board member of South East Community Care, deputy chair of Levendale Hall Committee. Fundraises for local sporting clubs and has organised farmers forums and community participation as past chair, secretary and public officer for Levendale Primary School 1993-2014, past board member of Edmund Rice Camp Tasmania. Founding member of Levendale Woodsdale History Room, set up to record oral, written and visual history of the area for future generations, and for learning opportunities for students. Holds a diploma of Rural Business Management and completed the Australian Institute of Company Directors – Community Bank Director Development.
Name:	Darryn John Charles Scott
Title:	Non-executive director
Experience and expertise:	Darryn is Managing Director of S Commercial Project Consulting Pty Ltd, a building and development consulting firm. Managing Director of S Property Developments, a property development company. Member of the Master Builders Association of Tasmania (former chair of the Commercial Sector). Darryn holds a Diploma in Management and is currently specialising in property development feasibility, project management, construction management and design management.
Special responsibilities:	Deputy Chair
Name:	Pam Giffard
Title:	Non-executive director
Experience and expertise:	Pam enjoyed a long career in nursing and management in the private health sector. Pam and family are long term Kelleve, Dunalley and Sorell community members across 43 years. A hands-on person, Pam is always active in the community and a volunteer with many organisations, bringing extensive professional and community experience to the company.
Special responsibilities:	Minute Secretary and Marketing & Sponsorship Committee
Name:	Ryan Jones
Title:	Non-executive director
Experience and expertise:	Ryan owns and operates a landscaping business, Horizon Landscapers. Ryan has a Diploma in Horticulture and a Diploma in Project Management. He is a member and past president of the Rotary Club of Sorell.
Special responsibilities:	Nil
Name:	Annette Carol Branch
Title:	Non-executive director (appointed 28 November 2024)
Experience and expertise:	Annette was previously employed as an Electorate Officer for Members of the House of Representatives and Legislative Council in the Tasmanian Parliament. She was a Program Support Officer for the Tasmanian Department of Education, Children and Young People. Her past community volunteer roles include coordinator for Bream Creek Show luncheon room, President of Dunalley Primary School Parents and Friends and Secretary for Sorell School Association. Annette has completed an Associate Degree in Applied Business.
Special responsibilities:	Nil
Name:	Jessica Emily Roberts
Title:	Non-executive director (appointed 30 July 2025)
Experience and expertise:	Jessica is currently employed as an accountant at Collins SBA and previously worked as a Specialist Peer Mentor at the University of Tasmania during her university studies. In her spare time, she volunteers as a Unit Leader for Sorell Girl Guides and can often be found supporting a variety of community groups/events. Past member of the Girl Guides Tasmania Finance Audit & Risk Committee. Bachelor of Business (Accounting).
Special responsibilities:	Sponsorship Committee

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Name: Melinda Jane Reed
Title: Non-executive director (term completed on 18 November 2024)
Experience and expertise: Melinda is a Sorell Councillor, first elected in 2018, and vice president of the Local Government Women's Association for Tasmania. A community advocate, writer and editor, and member of the Governance Institute of Australia, Melinda holds a Business Degree and a Graduate Diploma in Public Relations and enjoyed a long career with the Australian Taxation Office at state and national levels including Senior Communication Adviser 1996-2010. A director of CPS Credit Union 1998-2000, Melinda was elected to the Community Bank National Council 2019-2022 and was a member of the national and state marketing committees. Past president of Okines Community House 2015-2022, Melinda was a board member of Neighbourhood Houses Tasmania 2018-2023, serves on the national peak ANHCA and is a long-standing volunteer with Dodges Ferry Primary School Association and Sorell Historical Society.
Special responsibilities: Company Secretary; Marketing & Sponsorship Committee; Board Recruitment

Name: Kerry John Vincent
Title: Non-executive director (resigned 25 October 2024)
Experience and expertise: In May 2024 Kerry was elected to the Legislative Council seat of Prosser. Kerry was Mayor of Sorell for 12 years with related roles as chair of South East Regional Development Association, board member of BEST employment and business hub, deputy chair of Copping Waste Authority, chief owner representative Southern Tasmanian Regional Waste Authority and on the TasWater board selection committee. Kerry is a long serving Rotarian, owner of Rural Solutions Tas, vice chair of District Nurses and past president of South East Community Care, board chair of Swansea Bark Mill Tavern, founding member of the Sorell Business Association and former member of Sorell School Association.
Special responsibilities: HR Committee, Marketing and Sponsorship Committee and Board Recruitment.

Company secretary

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

- Anthony David Davis was appointed company secretary on 28 November 2024.
- Melinda Jane Reed was appointed company secretary on 1 October 2020 and ceased on 28 November 2024.

Principal activity

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

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

Review of operations

The profit for the company after providing for income tax amounted to \$62,354 (2024: \$213,025).

Operations have continued to perform in line with expectations.

Dividends

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

	2025 \$	2024 \$
Unfranked dividend of 7 per share	-	61,685
Fully franked dividend of 5 cents per share	44,061	-
	<u>44,061</u>	<u>61,685</u>

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Significant changes in the state of affairs

During the financial year, the company expanded its operations through the acquisition of the Community Bank Nubeena & Tasman from Tasman Community Financial Services Limited. Under the acquisition agreement, the company assumed all business assets and the rights to revenue share for an agreed purchase price of \$113,703.

As part of the acquisition, the lease agreement for the Nubeena branch transferred to the company. This resulted in the recognition of additional right-of-use assets and corresponding lease liability on the company's balance sheet in accordance with AASB 16 *Leases*, as well as recognising a provision for make-good for this premises.

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

Matters subsequent to the end of the financial year

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

Likely developments

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

	Board		Board workshops	
	Eligible	Attended	Eligible	Attended
Michael Kenneth Gordon	9	8	3	3
Scott Alexander Gatehouse	9	8	3	3
Anthony David Davis	9	9	3	1
Michael Evan Larkins	9	9	3	3
Janice Maree McConnon	9	9	3	3
Darryn John Charles Scott	9	9	3	2
Pam Giffard	9	8	3	2
Ryan Jones	9	9	3	3
Annette Carol Branch	9	4	3	3
Jessica Emily Roberts	-	-	-	-
Melinda Jane Reed	9	4	-	-
Kerry John Vincent	9	3	-	-

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.

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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
Michael Kenneth Gordon	21,500	-	21,500
Scott Alexander Gatehouse	1,000	-	1,000
Anthony David Davis	9,001	-	9,001
Michael Evan Larkins	-	-	-
Janice Maree McConnon	4,001	-	4,001
Darryn John Charles Scott	-	-	-
Pam Giffard	-	-	-
Ryan Jones	-	-	-
Annette Carol Branch	-	5,000	5,000
Jessica Emily Roberts	-	-	-
Melinda Jane Reed	-	-	-
Kerry John Vincent	30,502	-	30,502

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.

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:

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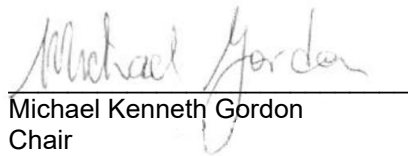
- all non-audit services have been reviewed by the board to ensure they do not impact on the impartiality, integrity and objectivity of the auditor
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional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



Michael Kenneth Gordon
Chair

26 September 2025



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

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

As lead auditor for the audit of South East 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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 September 2025

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor

South East Community Enterprises Limited
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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	991,222	979,862
Other revenue		627	577
Finance revenue		31,757	28,971
Total revenue		<u>1,023,606</u>	<u>1,009,410</u>
Employee benefits expense	7	(588,233)	(483,530)
Advertising and marketing costs		(49,749)	(11,770)
Occupancy and associated costs		(33,863)	(39,170)
System costs		(32,356)	(27,356)
Depreciation and amortisation expense	7	(89,426)	(67,181)
Loss on disposal of assets		(1,370)	-
Finance costs	7	(9,793)	(10,568)
General administration expenses		(85,095)	(61,891)
Total expenses before community contributions and income tax expense		<u>(889,885)</u>	<u>(701,466)</u>
Profit before community contributions and income tax expense		133,721	307,944
Charitable donations, sponsorships and grants expense	7	<u>(47,858)</u>	<u>(25,916)</u>
Profit before income tax expense		85,863	282,028
Income tax expense	8	<u>(23,509)</u>	<u>(69,003)</u>
Profit after income tax expense for the year		62,354	213,025
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>62,354</u></u>	<u><u>213,025</u></u>
		Cents	Cents
Basic earnings per share	25	7.08	24.17
Diluted earnings per share	25	7.08	24.17

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

South East Community Enterprises Limited
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Statement of financial position
As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	124,693	194,923
Trade and other receivables	10	46,240	40,697
Investments	11	541,709	660,540
Current tax assets	8	20,611	-
Total current assets		<u>733,253</u>	<u>896,160</u>
Non-current assets			
Property, plant and equipment	12	168,055	43,877
Right-of-use assets	13	180,986	139,547
Intangible assets	14	128,128	36,926
Deferred tax assets	8	3,618	23,144
Total non-current assets		<u>480,787</u>	<u>243,494</u>
Total assets		<u>1,214,040</u>	<u>1,139,654</u>
Liabilities			
Current liabilities			
Trade and other payables	15	99,312	31,252
Lease liabilities	16	89,494	66,992
Current tax liabilities	8	-	20,183
Total current liabilities		<u>188,806</u>	<u>118,427</u>
Non-current liabilities			
Trade and other payables	15	-	15,431
Lease liabilities	16	142,940	149,630
Provisions		16,528	8,693
Total non-current liabilities		<u>159,468</u>	<u>173,754</u>
Total liabilities		<u>348,274</u>	<u>292,181</u>
Net assets		<u>865,766</u>	<u>847,473</u>
Equity			
Issued capital	17	847,158	847,158
Retained earnings		18,608	315
Total equity		<u>865,766</u>	<u>847,473</u>

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

South East Community Enterprises Limited
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Statement of changes in equity
For the year ended 30 June 2025

	Note	Issued capital \$	Retained earnings \$	Total equity \$
Balance at 1 July 2023		847,158	(151,025)	696,133
Profit after income tax expense		-	213,025	213,025
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	213,025	213,025
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(61,685)	(61,685)
Balance at 30 June 2024		<u>847,158</u>	<u>315</u>	<u>847,473</u>
 Balance at 1 July 2024		 847,158	 315	 847,473
Profit after income tax expense		-	62,354	62,354
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	62,354	62,354
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	19	-	(44,061)	(44,061)
Balance at 30 June 2025		<u>847,158</u>	<u>18,608</u>	<u>865,766</u>

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

South East Community Enterprises Limited
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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)		1,084,794	1,107,245
Payments to suppliers and employees (inclusive of GST)		(865,474)	(910,866)
Interest received		31,757	28,971
Income taxes paid		(44,777)	(117,350)
Net cash provided by operating activities	24	206,300	108,000
Cash flows from investing activities			
Redemption of/(investment in) term deposits		118,831	(28,152)
Payments for property, plant and equipment		(142,518)	(3,624)
Payments for intangible assets		(133,085)	(14,028)
Net cash used in investing activities		(156,772)	(45,804)
Cash flows from financing activities			
Interest and other finance costs paid		(7,288)	(10,210)
Dividends paid	19	(44,061)	(61,685)
Repayment of lease liabilities		(68,409)	(56,538)
Net cash used in financing activities		(119,758)	(128,433)
Net decrease in cash and cash equivalents		(70,230)	(66,237)
Cash and cash equivalents at the beginning of the financial year		194,923	261,160
Cash and cash equivalents at the end of the financial year	9	124,693	194,923

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

South East Community Enterprises Limited
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Notes to the financial statements
30 June 2025

Note 1. Reporting entity

The financial statements cover South East 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 5 Coventry Rise, Howrah TAS 7018.

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.

On 29 November 2024, the company changed its name from South East Districts Financial Services Limited to South East Community Enterprises Limited, as approved by the shareholders and registered with ASIC. This change does not affect the entity's legal status or previous financial transactions.

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 26 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. The company has assessed and concluded there are no material impacts.

Accounting standards issued but not yet effective

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

Current and non-current classification

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

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the company has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

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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 either measured at amortised cost or fair value through other comprehensive income. 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.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

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

Impairment of non-financial assets

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

Lease term

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

Note 5. Economic dependency

The company 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.

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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 the Bendigo Bank to bear as long as the company has complied with the appropriate procedures and relevant obligations and has not exercised a discretion in granting or extending credit.

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

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

Note 6. Revenue from contracts with customers

	2025	2024
	\$	\$
Margin income	878,391	835,035
Fee income	55,019	53,821
Commission income	57,812	91,006
	<u>991,222</u>	<u>979,862</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:

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Note 6. Revenue from contracts with customers (continued)

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

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

Revenue calculation

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

Margin income

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

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

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

Commission income

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

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

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Note 7. Expenses

Employee benefits expense

	2025	2024
	\$	\$
Wages and salaries	417,927	374,751
Superannuation contributions	56,953	45,460
Expenses related to long service leave	5,486	4,887
Other expenses	107,867	58,432
	<u>588,233</u>	<u>483,530</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

	2025	2024
	\$	\$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	13,128	11,420
Plant and equipment	3,842	1,542
	<u>16,970</u>	<u>12,962</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	48,826	41,932
<i>Amortisation of intangible assets</i>		
Franchise fee	4,029	1,095
Franchise renewal process fee	14,421	11,192
Rights to revenue share	5,180	-
	<u>23,630</u>	<u>12,287</u>
	<u>89,426</u>	<u>67,181</u>

Charitable donations, sponsorships and grants expense

	2025	2024
	\$	\$
Direct donation, sponsorship and grant payments	<u>47,858</u>	<u>25,916</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).

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Note 8. Income tax

	2025	2024
	\$	\$
<i>Income tax expense</i>		
Current tax	3,983	68,933
Movement in deferred tax	19,526	1,822
Under/over adjustment	-	(1,752)
Aggregate income tax expense	<u>23,509</u>	<u>69,003</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>85,863</u>	<u>282,028</u>
Tax at the statutory tax rate of 25%	21,466	70,507
Tax effect of:		
Non-deductible expenses	<u>2,043</u>	<u>248</u>
	23,509	70,755
Under/over adjustment	<u>-</u>	<u>(1,752)</u>
Income tax expense	<u>23,509</u>	<u>69,003</u>
	2025	2024
	\$	\$
<i>Deferred tax assets/(liabilities)</i>		
Property, plant and equipment	(14,281)	932
Provision for lease make good	4,132	2,173
Accrued expenses	906	771
Lease liabilities	58,108	54,155
Right-of-use assets	<u>(45,247)</u>	<u>(34,887)</u>
Deferred tax asset	<u>3,618</u>	<u>23,144</u>
	2025	2024
	\$	\$
Income tax refund due	<u>20,611</u>	<u>-</u>
	2025	2024
	\$	\$
Provision for income tax	<u>-</u>	<u>20,183</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.

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Note 8. Income tax (continued)

Accounting policy for deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Note 9. Cash and cash equivalents

	2025	2024
	\$	\$
Cash at bank and on hand	124,693	194,923

Note 10. Trade and other receivables

	2025	2024
	\$	\$
Trade receivables	43,326	37,086
Prepayments	2,914	3,611
	<u>46,240</u>	<u>40,697</u>

Accounting policy for trade and other receivables

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

Note 11. Investments

	2025	2024
	\$	\$
<i>Current assets</i>		
Term deposits	541,709	660,540

Note 12. Property, plant and equipment

	2025	2024
	\$	\$
Leasehold improvements - at cost	232,149	164,334
Less: Accumulated depreciation	(92,522)	(131,966)
	<u>139,627</u>	<u>32,368</u>
Plant and equipment - at cost	76,101	55,341
Less: Accumulated depreciation	(47,673)	(43,832)
	<u>28,428</u>	<u>11,509</u>
	<u>168,055</u>	<u>43,877</u>

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Note 12. 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:

	Leasehold improvement s \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	43,788	9,427	53,215
Additions	-	3,624	3,624
Depreciation	(11,420)	(1,542)	(12,962)
Balance at 30 June 2024	32,368	11,509	43,877
Additions	121,757	20,761	142,518
Disposals	(1,370)	-	(1,370)
Depreciation	(13,128)	(3,842)	(16,970)
Balance at 30 June 2025	<u>139,627</u>	<u>28,428</u>	<u>168,055</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	6 to 20 years
Plant and equipment	1 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

	2025 \$	2024 \$
Land and buildings - right-of-use	413,875	323,610
Less: Accumulated depreciation	<u>(232,889)</u>	<u>(184,063)</u>
	<u>180,986</u>	<u>139,547</u>

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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 2023	179,421
Remeasurement adjustments	2,058
Depreciation expense	<u>(41,932)</u>
Balance at 30 June 2024	139,547
Additions	82,756
Remeasurement adjustments	7,509
Depreciation expense	<u>(48,826)</u>
Balance at 30 June 2025	<u><u>180,986</u></u>

Accounting policy for right-of-use assets

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

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

Refer to note 16 for more information on lease arrangements.

Note 14. Intangible assets

	2025 \$	2024 \$
Rights to revenue share	103,599	-
Less: Accumulated amortisation	<u>(5,180)</u>	<u>-</u>
	98,419	-
Franchise fee	43,367	32,134
Less: Accumulated amortisation	<u>(28,122)</u>	<u>(24,093)</u>
	15,245	8,041
Franchise renewal fee	110,669	110,669
Less: Accumulated amortisation	<u>(96,205)</u>	<u>(81,784)</u>
	14,464	28,885
	<u><u>128,128</u></u>	<u><u>36,926</u></u>

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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:

	Rights to revenue share \$	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	-	9,136	40,077	49,213
Amortisation expense	-	(1,095)	(11,192)	(12,287)
Balance at 30 June 2024	-	8,041	28,885	36,926
Additions	103,599	11,233	-	114,832
Amortisation expense	(5,180)	(4,029)	(14,421)	(23,630)
Balance at 30 June 2025	<u>98,419</u>	<u>15,245</u>	<u>14,464</u>	<u>128,128</u>

Additions

During the financial year the company acquired the rights to revenue share for Community Bank Nubeena & Tasman for \$103,599. Of this amount \$72,584 has been determined as being directly related to the rights to revenue share. \$31,015 of direct costs associated with the acquisition have also been capitalised as part of the intangible asset.

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)	November 2026
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	November 2026
Rights to revenue share	Straight-line	Over an estimated expected useful life (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

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	81,989	1,243
Other payables and accruals	<u>17,323</u>	<u>30,009</u>
	<u>99,312</u>	<u>31,252</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>-</u>	<u>15,431</u>

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Note 15. Trade and other payables (continued)

	2025 \$	2024 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	99,312	46,683
GST refundable from / (payable to) the ATO, included in trade and other payables	4,770	(8,095)
	<u>104,082</u>	<u>38,588</u>

Note 16. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	<u>89,494</u>	<u>66,992</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	<u>142,940</u>	<u>149,630</u>
<i>Reconciliation of lease liabilities</i>		
	2025 \$	2024 \$
Opening balance	216,622	271,770
Additional lease liabilities recognised	74,712	-
Remeasurement adjustments	7,509	1,390
Lease interest expense	9,288	10,210
Lease payments - total cash outflow	<u>(75,697)</u>	<u>(66,748)</u>
	<u>232,434</u>	<u>216,622</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
Sorell Branch	4.29%	2 years	1 x 2 years	Yes	October 2027
Nubeena Branch	7.43%	52 months	N/A	N/A	July 2029

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Note 16. Lease liabilities (continued)

Additions

During the year, the company entered into a new lease agreement for the North Ryde branch premises as part of the acquisition. This resulted in an increase to right-of-use assets, lease make good provisions and lease liabilities recognised.

Note 17. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	881,212	881,212	881,212	881,212
Less: Equity raising costs	-	-	(34,054)	(34,054)
	<u>881,212</u>	<u>881,212</u>	<u>847,158</u>	<u>847,158</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.

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:

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Note 17. Issued capital (continued)

- 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 299. As at the date of this report, the company had 322 shareholders (2024: 328 shareholders).

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

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

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

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.

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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 \$
Unfranked dividend of 7 per share	-	61,685
Fully franked dividend of 5 cents per share	44,061	-
	<u>44,061</u>	<u>61,685</u>

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	117,350	-
Franking credits (debits) arising from income taxes paid (refunded)	44,777	117,350
Franking debits from the payment of franked distributions	(14,687)	-
	<u>147,440</u>	<u>117,350</u>

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

Balance at the end of the financial year	147,440	117,350
Franking credits (debits) that will arise from payment (refund) of income tax	(20,611)	20,183
Franking credits available for future reporting periods	<u>126,829</u>	<u>137,533</u>

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

Financial risk management objectives

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

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

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

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

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

South East Community Enterprises Limited
(Formerly known as South East Districts Financial Services Limited)
Notes to the financial statements
30 June 2025

Note 20. Financial risk management (continued)

	2025	2024
	\$	\$
Financial assets at amortised cost		
Trade and other receivables excluding prepayments (note 10)	43,326	37,086
Cash and cash equivalents (note 9)	124,693	194,923
Investments (note 11)	541,709	660,540
	<u>709,728</u>	<u>892,549</u>
Financial liabilities at amortised cost		
Trade and other payables (note 15)	104,082	38,588
Lease liabilities (note 16)	232,434	216,622
	<u>336,516</u>	<u>255,210</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

Financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial asset.

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

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

A financial liability is derecognised then 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 \$124,693 and term deposits of \$541,709 at 30 June 2025 (2024: \$194,923 and \$660,540).

South East Community Enterprises Limited
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Notes to the financial statements
30 June 2025

Note 22. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
During the period, the company made a donation to the Memory Walk for Joy foundation, which a director was partly responsible for. The total benefit received was:	-	500
During the period, the company made a sponsored the South East Suns Netball Association. The total benefit received was:	11,000	20,000
During the period, the company made a donation to the Sorell Girl Guides, which a director was partly responsible for. The total benefit received was:	1,600	-

Note 23. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,930	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	265	250
General advisory services	3,550	3,060
Share registry services	8,832	5,818
	12,647	9,128
	20,577	15,778

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	62,354	213,025
Adjustments for:		
Depreciation and amortisation	89,426	67,181
Net loss on disposal of non-current assets	1,370	-
Lease liabilities interest	9,288	10,210
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(5,543)	26,533
Increase in income tax refund due	(20,611)	-
Decrease in deferred tax assets	19,526	1,822
Increase/(decrease) in trade and other payables	70,168	(160,961)
Decrease in provision for income tax	(20,183)	(50,169)
Increase in other provisions	505	359
Net cash provided by operating activities	206,300	108,000

South East Community Enterprises Limited
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Notes to the financial statements
30 June 2025

Note 25. Earnings per share

	2025	2024
	\$	\$
Profit after income tax	<u>62,354</u>	<u>213,025</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>881,212</u>	<u>881,212</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>881,212</u>	<u>881,212</u>
	Cents	Cents
Basic earnings per share	7.08	24.17
Diluted earnings per share	7.08	24.17

Note 26. Commitments

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

Note 27. Contingencies

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

Note 28. Events after the reporting period

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

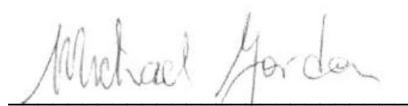
South East Community Enterprises Limited
(Formerly known as South East Districts Financial Services Limited)
Directors' declaration
30 June 2025

In the directors' opinion:

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

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

On behalf of the directors



Michael Kenneth Gordon
Chair

26 September 2025



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

Independent auditor's report to the Directors of South East Community Enterprises Limited Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of South East 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 South East 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.



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

Independence

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

Responsibilities of the directors for the financial report

The directors of the company are responsible for the preparation of the financial report that it gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatement can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/home.aspx>. This description forms part of our auditor's report.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 26 September 2025

A handwritten signature in black ink, appearing to read 'Adrian Downing'.

Adrian Downing
Lead Auditor