Annual Report 2023

Strzelecki Ranges Community Enterprises Limited

Community Bank Mirboo North & District

ABN 76 139 013 095

Contents

Chair's report

For year ending 30 June 2023

Once again, it is my greatest pleasure to present to you our Annual Report for the year ending 30 June 2023. As shareholders of Strzelecki Ranges Community Enterprises Limited (SRCEL), you are the bedrock of our Community Bank company. We could not be here without your initial and continuing faith in us and your wish to see banking services return and thrive in Mirboo North and District. As a shareholder, you can help the bank's future success by being our voice in the community. We ask that you be an advocate for our business and the benefits we can return to our community. To do this we need to be continually aware of opportunities for referring customers and transferring business to our branch.

Strzelecki Ranges Community Enterprises Limited (SRCEL) has seen a significant increase in revenue over the 2022/23 Financial Year. This was associated with increased margins due to increases in the cash rate by the Reserve Bank of Australia. This gave our company higher margins on our products, especially affecting At Call Deposits. This was further enhanced by the increased level of Deposits held as a result of Covid.

Our original budgeted Margin Income was $561,919, whereas our final result was a Margin Income of $1,078,810, an increase of 192%!

Although still elevated, recent months have seen a lowering of margins associated with At Call Deposits. Thus, SRCEL is expecting a lower level of revenue this year compared to last year.

The improved levels of revenue put us in the position of considering how we should use this large surplus to the benefit of the community. Our Board decided to set up a Sub Fund with the Mirboo North & District Community Foundation, to which we were able to distribute $560,000. This fund is called the "Community Bank, Mirboo North & District Sub Fund" and will be used for future benefit to our communities.

This is an exciting step in further strengthening our partnership with the Mirboo North & District Community Foundation. The Board intends to add further to this Fund and hopes to utilise it for a major community initiative.

The Company's profit before community contributions and income tax expense is $642,600, compared to $83,220 in 2021-22. The total community contributions during the past financial year were an impressive $642,600. This includes the large distribution to the local Foundation.

Our net profit (after community contributions and income tax) is $12,439.

I am pleased to announce, that a dividend of 7 cents per share is payable in October 2023. This brings the total dividend on your $1 share to 51 cents in fully franked dividends.

Our staff are key to the success of our community enterprise as they are the face of our business. We welcomed Alex Masut as our Branch Manager last October. He has already proven himself to be a wonderful asset to the branch. We are very proud of all our staff and thank them for their loyalty and dedication.

Other key people are our volunteer directors who do a fantastic job in steering the company though our various sub-committees, all reporting to the monthly Board meeting. We are pleased to introduce three new directors; Kate Senko, Brian McDermott and Paul Jones, who bring a wealth of knowledge and enthusiasm to our Board. I thank all Directors for their hard work and commitment. I especially wish to thank Anne Marie Dieperink, our Executive Officer who, together with Viv Williams, keeps our Board on track and ensures our financial and administrative processes are in order.

I look forward to another successful year for Community Bank Mirboo North and District.

Jan Head
Chair of the Board

Manager's report

For year ending 30 June 2023

The past year in branch banking has been very focused on one thing – rate rises and home loans.

At the time of writing, Australians have endured 12 rate rises from the RBA since May 2022 in a bid to curb inflation, negatively impacting consumer confidence and increasing mortgage stress on households already battling cost of living pressures. New builds and property sales slowed among challenging market conditions, and as such, we witnessed a decrease in home loan lending for new and existing property purchases, and an increase in refinances from other banks as customers sought out the best interest rates and offers available.

Community Bank Mirboo North & District helped many customers review their home loans, facilitated refinances away from higher interest rate products held by other banks and lenders, and provided information surrounding repayment and offset strategies based on our customer's individual goals. As one of the only banks left where you can sit down and talk with a staff member, we take pride in our down to earth, accessible, and person-centric approach to banking, and we think our customers appreciate this too, especially in the current climate.

Despite the tough economic environment, we managed to hold a book balance of $129 million and generated a YTD income of $1.2 million. As we are operating in an unknown external environment, our aim for the next financial year is to hold steady and focus on business retention as we deliver the benefits of community banking and the competitive products and services of Bendigo Bank.

I came on board as Branch Manager in October last year and at the same time we bid farewell to long time staff member Susan Clark. In February we gave our best wishes to Jemma Napier who moved to Geelong to continue her bright future within the Bendigo Bank branch network. In January we welcomed Jess Souter to the team who joined us from Leongatha branch, and in March we welcomed Tara Brusco as our new trainee. Long-time employees Sarah Lawson and Nicole Smith also stepped up into new senior positions at the beginning of this year, and I am proud to have supported internal career progression and succession planning within the business.

Every year we demonstrate the power of community banking by proudly supporting our district with grants, sponsorships and more with $80,513 being returned to community groups last financial year alone. Everything we have achieved to date is due to the support of our staff, directors, customers, shareholders, and local community, and so I thank you all for your efforts. As we venture into FY23/24 we face the challenging unknown without fear, because together we are stronger.

Alex Masut
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2023

Community and customer will always be at the heart of what we do at Bendigo and Adelaide Bank.

Together, we're setting up Community Banking for the future – growing our impact as a leading social impact movement to transform communities across Australia.

As we continue to evolve to meet the needs of our customers, we should feel proud that more Australians are choosing to do their banking with us and trust us with their financial goals. Our position as Australia's most trusted bank (Roy Morgan) reflects the esteem we are held in by our customers, and communities.

This year has been particularly significant for us. After five years apart, we had the opportunity to come together in person and connect through our State Connect program and in Bendigo at our National Conference in September. It has also been a record-breaking year for Community Bank with more than $32 million invested into local communities nationwide. This is our highest year on record and underscores our ongoing commitment to our customers and communities.

Reflecting on the 25 years since we opened our first Community Bank, I'm so grateful to the hard work of many passionate Directors (past and present). Everything we have done and continue to do is focused on our purpose to feed into the prosperity of our customers and communities, not off it.

On behalf of the Bank, thank you for continuing to play an essential role in supporting your community. I look forward to seeing us grow together and make a positive impact for generations to come.

Justine Minne
Bendigo and Adelaide Bank

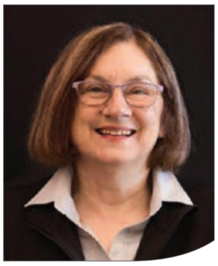
Directors' report

For the financial year ended 30 June 2023

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2023.

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:

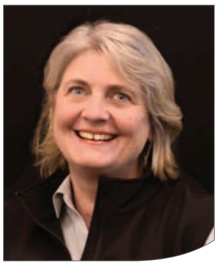


Janette Mary Head

Title: Non-executive director

Experience and expertise: Janette is retired. Former Bank Officer, Waitress, Head of Retail Department. Staff Trainer. Involved in St Joseph's Catholic Church, Mirboo North Times Newspaper and Friends of Mirboo North Library Group.

Special responsibilities: Chair of the Board, Business Development & Community Investment and Human Resources & Property Committees.



Annette Margaretha Dieperink

Title: Non-executive director

Experience and expertise: Bachelor of Economics, Logistics Manager (Westmin Talc, PENNZOIL Motor Oils), Senior Business Analyst (IBM HQ Amsterdam, AHMG Health Insurance, Sage Technology, GDF-Suez Hazelwood) and Executive Officer /Company Secretary SRCEL 2014 – current. Community Involvement: past Secretary, Vice President and President of Mirboo North Kindergarten, Coordinator of Mirboo North Art Show 2009 – 2017, Secretary of Inverloch Community House.

Special responsibilities: Business Development & Community Investment, Human Resources & Property, Finance & Audit and Governance Committees. Company Secretary, Director and Executive Officer.

Machteld Lebertha Thomas

Title: Non-executive director

Experience and expertise: Currently a self-employed hairdresser. Former managerial roles at David & Leni Hairdressing Salon, Frankston & Rae Dawn Salon, Cheltenham. Self-employed hairdresser for the past 36 years - on-going. Holds a Tertiary Certificate in Behavioural Studies 1A & 1B TAFE, 1985. Qualified Hairdresser & Manicurist, Melbourne School of Hairdressing 1971. Member of Coal and Gasfield Free Mirboo North (former Facilitator & Media Liaison) and Chair & Media Liaison for Preserve our Forests Steering Committee.

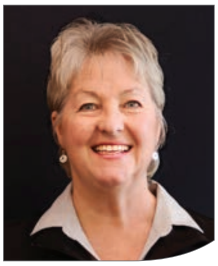
Special responsibilities: Vice Chair, Business Development & Community Investment Committee.

Colin Alexander Brick

Title: Non-executive director

Experience and expertise: Colin is currently retired. Accountant, B.Comm at Melbourne University. Extensive community involvement.

Special responsibilities: Treasurer, Finance & Audit Committee.

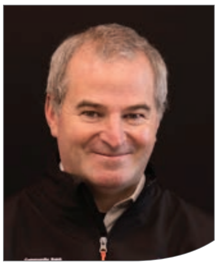


Kerry Anne Ives

Title: Non-executive director

Experience and expertise: Kerry is currently retired. Certificate IV in Training and Assessment; Certificate IV in Human Resource Operations and 90% of a Certificate of Art & Design. Former Industry Consultant and Operations Manager with a not-for-profit company involved in workforce development within the information and communications technology (ICT) sectors. Former association representative on the Council of Small Business Organisations Australia (COSBOA). Former Federal Government employee in the areas of employment, training, education and youth affairs. Member of the Victorian Country Women's Association Mirboo North Night Owls, U3A and ArtSpace.

Special responsibilities: Human Resources & Property Committee.



Stephen Koci

Title: Non-executive director

Experience and expertise: Stephen is a Senior Project Officer (Department of Energy Environment and Climate Action) Victorian Government. Diploma of Financial Markets and Associate Diploma of Business. Cub leader 1st Mirboo North Scout Group. President Friends of Mirboo North Pool Committee. Chairperson Nichols Road Recreation Reserve. Experience in Government, Finance, audit, risk management and compliance.

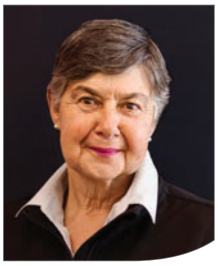
Special responsibilities: Finance & Audit Committee.

Brian Christopher McDermott

Title: Non-executive director (appointed 1 December 2022)

Experience and expertise: Brian worked in the banking and payments industry for 40 years. His most recent roles prior to retiring were consulting to ANZ and NAB in various project management roles which included mentoring project managers, project oversight of customer information warehouse for business banking and Technical Program Manager of a Retail Banking system rollout to 11 Asian Countries. He is a Fellow of the Institute of Public Accountants and a Fellow of the Finance and Securities Institute.

Special responsibilities: Business Development & Community Investment Committee.



Kathryn Ann Senko

Title: Non-executive director (appointed 1 December 2022)

Experience and expertise: Melbourne University. Cont. Ed studies Architecture & Planning - Facilities Management. Facility Management, Commercial fit-out and relocation project management. Shell Australia - Major Projects No 1 Spring Street; RMIT Asset Management Group - Major Projects, City of Melbourne - CH2, a demonstration of ecologically sustainable design. Australian Conservation Foundation (ACF) & Environment Victoria.

Special responsibilities: Human Resources & Property Committee.

Paul David Jones

Title: Non-executive director (appointed 1 December 2022)

Experience and expertise: Bachelor of Surveying Science. Retail Store Manager. Former owner/operator of businesses in retail, construction and hospitality. Former Vice President of Mirboo Country Development Incorporated. President of 5 Square Ball Committee.

Special responsibilities: Business Development & Community Investment Committee.

Company secretary

The company secretary is Annette Margaretha Dieperink. Annette was appointed to the position of secretary on 9 October 2014.

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 $12,439 (30 June 2022: $53,567).

The company has seen a significant increase in its revenue during the financial year. This is a result of the Reserve Bank of Australia (RBA) increasing the cash rate by 3.25% during the financial year moving from 0.85% to 4.10% as at 30 June 2023. The increased cash rate has had a direct impact on the revenue received by the company, increasing the net interest margin income received under the revenue share arrangement the company has with Bendigo Bank.

Dividends

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

	2023 $
Fully franked dividend of 5 cents per share (2022: 5 cents)	41,673

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

The company is planning to go through a selective share buy back process. This is to be voted on at the company Annual General Meeting.

No other matter or circumstance has arisen since 30 June 2023 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

The company will continue its policy of facilitating banking services to the community.

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	
	Eligible	Attended
Janette Mary Head	11	11
Annette Margaretha Dieperink	11	8
Machteld Lebertha Thomas	11	10
Colin Alexander Brick	11	9
Kerry Anne Ives	11	10
Stephen Koci	11	7
Brian Christopher McDermott	7	6
Kathryn Ann Senko	7	7
Paul David Jones	7	6

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 26 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Janette Mary Head	5,000	-	5,000
Annette Margaretha Dieperink	3,759	-	3,759
Machteld Lebertha Thomas	-	-	-
Colin Alexander Brick	500	-	500
Kerry Anne Ives	-	-	-
Stephen Koci	-	-	-
Brian Christopher McDermott	10,000	-	10,000
Kathryn Ann Senko	2,000	-	2,000
Paul David Jones	-	-	-

Indemnity and insurance of directors and officers

The company has indemnified all directors and the manager in respect of liabilities to other persons (other than the company or related body corporate) that may arise from their position as directors or manager 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 26 to the accounts.

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

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

Auditor's independence declaration

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

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

On behalf of the directors

Janette Mary Head
Chair

15 September 2023

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 Strzelecki Ranges Community Enterprises Limited

As lead auditor for the audit of Strzelecki Ranges Community Enterprises Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15th September 2023

Joshua Griffin
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Financial statements

Strzelecki Ranges Community Enterprises Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2023

	Note	2023 $	2022 $
Revenue from contracts with customers	6	1,197,529	705,543
Other revenue	7	27,759	42,793
Finance revenue		16,918	1,798
Fair value gains/(losses) on financial assets		3,763	(18,872)
Total revenue		1,245,969	731,262
Employee benefits expense	8	(390,437)	(391,268)
Advertising and marketing costs		(19,746)	(9,655)
Occupancy and associated costs		(38,128)	(24,300)
System costs		(26,434)	(33,247)
Depreciation and amortisation expense	8	(37,098)	(36,140)
General administration expenses		(75,893)	(83,750)
Total expenses before community contributions and income tax		(587,736)	(578,360)
Profit before community contributions and income tax expense		658,233	152,902
Charitable donations, sponsorships and grants expense	8	(642,600)	(83,220)
Profit before income tax expense		15,633	69,682
Income tax expense	9	(3,194)	(16,115)
Profit after income tax expense for the year	19	12,439	53,567
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		12,439	53,567
		Cents	**Cents**
Basic earnings per share	28	1.49	6.43
Diluted earnings per share	28	1.49	6.43

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

Strzelecki Ranges Community Enterprises Limited
Statement of financial position
As at 30 June 2023

	Note	2023 $	2022 $
Assets			
Current assets			
Cash and cash equivalents	10	453,181	534,204
Trade and other receivables	11	136,516	91,306
Financial assets	12	136,405	132,642
Current tax assets	9	11,394	-
Total current assets		737,496	758,152
Non-current assets			
Property, plant and equipment	13	443,639	453,728
Intangible assets	14	25,943	38,914
Total non-current assets		469,582	492,642
Total assets		1,207,078	1,250,794
Liabilities			
Current liabilities			
Trade and other payables	15	25,726	37,489
Current tax liabilities	9	-	12,325
Employee benefits	16	63,444	52,307
Total current liabilities		89,170	102,121
Non-current liabilities			
Deferred tax liabilities	9	26,720	27,963
Employee benefits	16	548	836
Total non-current liabilities		27,268	28,799
Total liabilities		116,438	130,920
Net assets		1,090,640	1,119,874
Equity			
Issued capital	17	812,778	812,778
Reserves	18	95,835	95,835
Retained earnings	19	182,027	211,261
Total equity		1,090,640	1,119,874

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

Strzelecki Ranges Community Enterprises Limited
Statement of changes in equity
For the year ended 30 June 2023

	Note	Issued capital $	Revaluation Reserve	Retained earnings $	Total equity $
Balance at 1 July 2021		812,778	95,835	199,367	1,107,980
Profit after income tax expense		-	-	53,567	53,567
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	53,567	53,567
Transactions with owners in their capacity as owners:					
Dividends provided for	21	-	-	(41,673)	(41,673)
Balance at 30 June 2022		812,778	95,835	211,261	1,119,874

	Note	Issued capital $	Revaluation Reserve	Retained earnings $	Total equity $
Balance at 1 July 2022		812,778	95,835	211,261	1,119,874
Profit after income tax expense		-	-	12,439	12,439
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	12,439	12,439
Transactions with owners in their capacity as owners:					
Dividends provided for	21	-	-	(41,673)	(41,673)
Balance at 30 June 2023		812,778	95,835	182,027	1,090,640

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

Strzelecki Ranges Community Enterprises Limited
Statement of cash flows
For the year ended 30 June 2023

	Note	2023 $	2022 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,297,181	807,735
Payments to suppliers and employees and for community contributions (inclusive of GST)		(1,311,469)	(712,529)
Dividends received		7,378	4,813
Interest received		11,754	1,798
Income taxes paid		(30,156)	(13,368)
Net cash provided by/(used in) operating activities	27	(25,312)	88,449
Cash flows from investing activities			
Payments for financial assets		-	(99,546)
Payments for property, plant and equipment	13	(14,038)	(4,538)
Net cash used in investing activities		(14,038)	(104,084)
Cash flows from financing activities			
Dividends paid	21	(41,673)	(41,673)
Net cash used in financing activities		(41,673)	(41,673)
Net decrease in cash and cash equivalents		(81,023)	(57,308)
Cash and cash equivalents at the beginning of the financial year		534,204	591,512
Cash and cash equivalents at the end of the financial year	10	453,181	534,204

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

Notes to the financial statements

30 June 2023

Note 1. Reporting entity

The financial statements cover Strzelecki Ranges 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 88 Ridgway Road, Mirboo North VIC 3871.

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

Note 2. Basis of preparation and statement of compliance

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 15 September 2023. The directors have the power to amend and reissue the financial statements.

Note 3. Significant accounting policies

The company has consistently applied the following accounting policies to all periods presented in these financial statements.

Changes in accounting policies, standards and interpretations
There are a number of amendments to accounting standards issued by the AASB that became mandatorily effective for accounting periods beginning on or after 1 July 2022, and are therefore relevant for the current financial year. The amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

An asset is classified as current when, it is expected to be realised or intended to be sold or consumed in the company's normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when, it is either expected to be settled in the company's normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

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

Note 3. Significant accounting policies (continued)

Impairment
Non-derivative financial assets
Expected credit losses (ECL) are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received. At each reporting date, the entity recognises the movement in the ECL (if any) as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

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. Due to the reliance on Bendigo Bank 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 also performed a historical assessment of receivables from Bendigo Bank and found no instances of default. As a result no ECL has been made in relation to trade receivables as at 30 June 2023.

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.

Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except when the amount of GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the revenue or expense item.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

Note 4. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its 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.

Fair value measurement hierarchy
The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: inputs are based on the quoted market price at the close of business at the end of the reporting period
Level 2: inputs are based on a valuation performed by a third party qualified valuer using quoted prices for similar assets in an active market
Level 3: unobservable inputs for the asset or liability.

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

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.

Impairment of non-financial assets
The company assesses impairment of non-financial 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 as the higher of its fair value less costs of disposal or value-in-use, each of which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Employee benefits provision
The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and inflation have been taken into account.

The company uses historical employee attrition rates in determining the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with long service leave legislation.

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 July 2025.

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.

Note 5. Economic dependency (continued)

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

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

Note 6. Revenue from contracts with customers

	2023 $	2022 $
Margin income	1,078,810	582,149
Fee income	59,959	68,505
Commission income	58,760	54,889
	1,197,529	705,543

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. Under *AASB 15 Revenue from Contracts with Customers* (AASB 15), revenue recognition for the company's revenue stream is 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 13 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.

Note 6. Revenue from contracts with customers (continued)

Margin income
Margin 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 in the form of commission generated for products and services sold. This commission is recognised at a point in time which reflects when the company has fulfilled its performance obligation.

The company receives trailing commission for products and services sold. Ongoing trailing commission payments are recognised on receipt as there is insufficient detail readily available to estimate the most likely amount of income without a high probability of significant reversal in a subsequent reporting period. The receipt of ongoing trailing commission income is outside the control of the company, and is a significant judgement area.

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

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

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

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

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

Note 7. Other revenue

	2023 $	2022 $
Market development fund	10,000	15,000
Dividend and distribution income	7,378	4,813
Other income	10,381	22,980
	27,759	42,793

The company's activities include the generation of income from sources other than the core products under the franchise agreement. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.

Note 7. Other revenue (continued)

Revenue stream	Revenue recognition policy
Discretionary financial contributions (also "Market development fund" or "MDF" income)	MDF income is recognised when the right to receive the payment is established. MDF income is discretionary and provided and receivable at month-end and paid within 14 days after month-end.
Dividend and distribution income	Dividend and distribution income is recognised when the right to receive the payment is established.
Other income	All other revenues that did not contain contracts with customers are recognised as goods and services are provided.

All revenue is stated net of the amount of GST.

Note 8. Expenses

Employee benefits expense

	2023 $	2022 $
Wages and salaries	332,688	339,208
Superannuation contributions	39,802	35,103
Expenses related to long service leave	248	(5,458)
Other expenses	17,699	22,415
	390,437	391,268

Leases recognition exemption

	2023 $	2022 $
Expenses relating to low-value leases	9,121	15,316
Expenses relating to short-term leases	2,836	2,836
	11,957	18,152

The company pays for the right to use information technology equipment. The underlying assets have been assessed as low value and exempted from recognition under *AASB 16 Leases*. Expenses relating to low-value exempt leases are included in system costs expenses.

The company pays for the right to use an administration office in Yinnar. The lease agreement is expired and continues on existing terms on a month-by-month basis with no significant penalty for termination. As such the lease has been assessed as short term and exempted from recognition under *AASB 16 Leases*. Expenses relating to short term exempt leases are included in occupancy and associated costs expenses.

Note 8. Expenses (continued)

Depreciation and amortisation expense

	2023 $	2022 $
Depreciation of non-current assets		
Buildings	8,975	8,975
Improvements	10,373	9,307
Plant and equipment	4,779	4,887
	24,127	23,169
Amortisation of intangible assets		
Franchise fee	2,162	2,162
Franchise renewal fee	10,809	10,809
	12,971	12,971
	37,098	36,140

Charitable donations, sponsorships and grants expense

	2023 $	2022 $
Direct donation, sponsorship and grant payments	82,600	54,799
Contribution to the Community Enterprise Foundation™	-	28,421
Contribution to the Mirboo North & District Community Foundation	560,000	-
	642,600	83,220

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 held by the Mirboo North & District Community Foundation (MNDCF) are available for distribution as community grants, education support and donations to eligible applicants for a specific purpose. Funds contributed by the company to the MNDCF are not refundable to the company.

Note 9. Income tax

	2023 $	2022 $
Income tax expense		
Current tax	5,993	24,388
Movement in deferred tax	(1,243)	(6,210)
Under/over adjustment	408	-
Net benefit of franking credits on dividends received	(1,964)	(2,063)
Aggregate income tax expense	3,194	16,115
Prima facie income tax reconciliation		
Profit before income tax expense	15,633	69,682
Tax at the statutory tax rate of 25%	3,908	17,421
Tax effect of:		
Non-deductible expenses	351	240
Other assessable income	491	516
Net benefit of franking credits on dividends received	(1,964)	(2,062)
	2,786	16,115
Under/over adjustment	408	-
Income tax expense	3,194	16,115

	2023 $	2022 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	45,591	46,104
Net fair value gain on investments	(3,283)	(4,224)
Income accruals	1,460	169
Employee benefits	(15,998)	(13,286)
Accrued expenses	(1,050)	(800)
Deferred tax liability	26,720	27,963

	2023 $	2022 $
Income tax refund due	11,394	-

	2023 $	2022 $
Provision for income tax	-	12,325

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.

Note 9. 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
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.

Deferred tax assets are recognised for all deductible temporary differences, carried-forward tax losses, and unused tax credits to the extent that it is probable that future taxable profits will be available against which they can be used.

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.

Deferred tax is measured at the rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date, and reflects uncertainty related to income taxes, if any.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the entity intends to settle its tax assets and liabilities on a net basis.

Note 10. Cash and cash equivalents

	2023 $	2022 $
Cash at bank and on hand	453,181	534,204

Accounting policy for cash and cash equivalents
For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents comprise cash on hand and deposits held with banks.

Note 11. Trade and other receivables

	2023 $	2022 $
Trade receivables	110,408	68,062
Other receivables and accruals	21,307	16,594
Prepayments	4,801	6,650
	26,108	23,244
	136,516	91,306

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. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Note 12. Financial assets

	2023 $	2022 $
Equity securities - designated at fair value through profit or loss	136,405	132,642

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

Opening fair value	132,642	51,967
Additions	-	99,546
Revaluation decrements	3,763	(18,871)
Closing fair value	136,405	132,642

Accounting policy for financial assets

Financial assets are recognised at their market value. Financial assets are derecognised when the rights to receive cash flows have been transferred and the company has transferred substantially all the risks and rewards of ownership.

The company classifies financial assets as a current asset when it expects to realise the asset, or intends to sell or consume it, no more than 12 months after the reporting period. All other financial assets are classified as non-current.

Note 13. Property, plant and equipment

	2023 $	2022 $
Land - at fair value	56,000	56,000
Buildings - at fair value	359,000	359,000
Less: Accumulated depreciation	(26,925)	(17,950)
	332,075	341,050
Improvements - at cost	121,174	121,174
Less: Accumulated depreciation	(90,827)	(80,454)
	30,347	40,720
Plant and equipment - at cost	71,782	57,745
Less: Accumulated depreciation	(46,565)	(41,787)
	25,217	15,958
	443,639	453,728

Note 13. Property, plant and equipment (continued)

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

	Land $	Buildings $	Improvements $	Plant and equipment $	Total $
Balance at 1 July 2021	56,000	350,025	50,027	16,723	472,775
Additions	-	-	-	4,538	4,538
Disposals	-	-	-	(416)	(416)
Depreciation	-	(8,975)	(9,307)	(4,887)	(23,169)
Balance at 30 June 2022	56,000	341,050	40,720	15,958	453,728
Additions	-	-	-	14,038	14,038
Depreciation	-	(8,975)	(10,373)	(4,779)	(24,127)
Balance at 30 June 2023	56,000	332,075	30,347	25,217	443,639

Fair value
The fair value of land and buildings was determined by external, independent property valuers, having recognised professional qualifications and recent experience in the location and category of the property being valued. Independent valuers provide the fair value of the company's property portfolio every 3 to 5 years.

Accounting policy for property, plant and equipment
Items of property, plant and equipment are measured at cost or fair value as applicable, less accumulated depreciation. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Building	40 years
Improvements	6 to 40 years
Plant and equipment	1 to 12 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Improvements are depreciated over 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. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Changes in estimates
During the financial year, the company assessed estimates used for property, plant and equipment including useful lives, residual values, and depreciation methods. There were no changes in estimates for the current reporting period.

Note 14. Intangible assets

	2023 $	2022 $
Franchise fee	32,106	32,106
Less: Accumulated amortisation	(27,782)	(25,621)
	4,324	6,485
Franchise renewal fee	110,531	110,531
Less: Accumulated amortisation	(88,912)	(78,102)
	21,619	32,429
	25,943	38,914

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 2021	8,647	43,238	51,885
Amortisation expense	(2,162)	(10,809)	(12,971)
Balance at 30 June 2022	6,485	32,429	38,914
Amortisation expense	(2,162)	(10,809)	(12,971)
Balance at 30 June 2023	4,323	21,620	25,943

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

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

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

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

Asset class	Method	Useful life	Expiry/renewal date
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2025
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2025

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

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

Note 15. Trade and other payables

	2023 $	2022 $
Current liabilities		
Trade payables	9,467	24,990
Other payables and accruals	16,259	12,499
	25,726	37,489

Accounting policy for trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Where the company is liable to settle the amount within 12 months of the reporting date, the liability is classified as current. All other obligations are classified as non-current.

Note 16. Employee benefits

	2023 $	2022 $
Current liabilities		
Annual leave	38,797	28,196
Long service leave	24,647	24,111
	63,444	52,307
Non-current liabilities		
Long service leave	548	836

Accounting policy for employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for salary and wages where the employee has provided the service but payment has not yet occurred at the reporting date. They are measured at amounts expected to be paid, plus related on-costs. Non-accumulating sick leave is expensed when the leave is taken and measured at the rates paid or payable.

An annual leave liability is recognised for the amount expected to be paid if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be reliably estimated. The company's obligations for short-term employee benefits such as salaries and wages are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised in employee benefits in the statement of financial position.

Superannuation contributions
Contributions to superannuation plans are expensed in the period in which they are incurred.

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior reporting periods.

Note 16. Employee benefits (continued)

That benefit is discounted to determine its present value. Consideration is given to expected future wage and salary levels plus related on-costs, experience of employee departures, and years of service achieved. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Remeasurements are recognised in profit or loss in the period in which they arise.

Note 17. Issued capital

	2023 Shares	2022 Shares	2023 $	2022 $
Ordinary shares - fully paid	833,462	833,462	833,462	833,462
Less: Equity raising costs	-	-	(20,684)	(20,684)
	833,462	833,462	812,778	812,778

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:

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 263. As at the date of this report, the company had 341 shareholders (2022: 342 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. Reserves

	2023 $	2022 $
Revaluation surplus reserve	95,835	95,835

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings.

Note 19. Retained earnings

	2023 $	2022 $
Retained earnings at the beginning of the financial year	211,261	199,367
Profit after income tax expense for the year	12,439	53,567
Dividends paid (note 21)	(41,673)	(41,673)
Retained earnings at the end of the financial year	182,027	211,261

Note 20. 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.

Note 20. Capital management (continued)

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 21. 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.

	2023 $	2022 $
Fully franked dividend of 5 cents per share (2022: 5 cents)	41,673	41,673

Franking credits

	2023 $	2022 $
Franking account balance at the beginning of the financial year	137,817	136,822
Franking credits (debits) arising from income taxes paid (refunded)	30,157	13,367
Franking debits from the payment of franked distributions	(13,891)	(13,891)
Franking credits from franked distributions received	1,964	1,519
	156,047	137,817
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	156,047	137,817
Franking credits (debits) that will arise from payment (refund) of income tax	(11,394)	14,325
Franking credits available for future reporting periods	144,653	152,142

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 22. Financial instruments

	2023 $	2022 $
Financial assets		
Trade and other receivables	131,715	84,656
Cash and cash equivalents	453,181	534,204
Financial assets	136,405	132,642
	721,301	751,502
Financial liabilities		
Trade and other payables	25,726	37,489

Accounting policy for financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The company's financial instruments include trade debtors and creditors, cash and cash equivalents and equity securities.

Trade receivables are initially recognised at the transaction price when they originated. All other financial assets and financial liabilities are initially measured at fair value plus transaction costs (where applicable), when the company becomes a party to the contractual provisions of the instrument. These assets and liabilities are subsequently measured at amortised cost using the effective interest method, except for the equity securities which remain at fair value through profit or loss (FVTPL).

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the rights are transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and rewards associated with the asset. Financial liabilities are derecognised when its contractual obligations are discharged, cancelled, or expire. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the company currently has a legally enforceable right to set off the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Financial risk management
The company has exposure to credit, liquidity and market risk arising from financial instruments. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The company does not use derivative instruments. Risk management is carried out directly by the board.

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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The company has no exposure to any transactions denominated in a currency other than Australian dollars.

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 $453,181 at 30 June 2023 (2022: $534,204).

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.

Equity Price risk
All of the company's listed equity investments are listed on the Australian Stock Exchange (ASX). Changes in equity securities value is recognised through profit or loss.

Note 22. Financial instruments (continued)

2023	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	13,641	10,230	(10%)	(13,641)	(10,230)

2022	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
Equity securities	10%	13,264	9,948	(10%)	(13,264)	(9,948)

Credit risk
Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers.

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 BBB+ on Standard & Poor’s credit ratings.

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.

Exposure to liquidity risk
The following are the 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.

2023	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	25,726	-	-	25,726
Total non-derivatives	25,726	-	-	25,726

2022	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	37,489	-	-	37,489
Total non-derivatives	37,489	-	-	37,489

Note 23. Fair value measurement

2023	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	136,405	-	-	136,405
Land	-	56,000	-	56,000
Buildings	-	359,000	-	359,000
Total assets	136,405	415,000	-	551,405

2022	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	132,642	-	-	132,642
Land	-	56,000	-	56,000
Buildings	-	359,000	-	359,000
Total assets	132,642	415,000	-	547,642

There were no transfers between levels during the financial year.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 24. Key management personnel disclosures

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

Janette Mary Head
Annette Margaretha Dieperink
Machteld Lebertha Thomas
Colin Alexander Brick
Kerry Anne Ives
Stephen Koci
Brian Christopher McDermott
Kathryn Ann Senko
Paul David Jones

No director of the company receives remuneration for services as a company director or committee member.

There are no executives within the company whose remuneration is required to be disclosed.

Note 25. Related party transactions

Transactions with related parties
Annette Margartha Dieperink receives a salary for her role as company secretary and executive officer.

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

Note 26. 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:

	2023 $	2022 $
Audit services		
Audit or review of the financial statements	5,400	5,200
Other services		
Taxation advice and tax compliance services	660	600
General advisory services	3,020	1,930
Share registry services	3,981	3,887
	7,661	6,417
	13,061	11,617

Note 27. Reconciliation of profit after income tax to net cash provided by/(used in) operating activities

	2023 $	2022 $
Profit after income tax expense for the year	12,439	53,567
Adjustments for:		
Depreciation and amortisation	37,098	36,140
Net loss on disposal of non-current assets	-	416
(Increase)/decrease in fair value of equity instruments designated at FVTPL	(3,763)	18,872
Change in operating assets and liabilities:		
Increase in trade and other receivables	(45,210)	(20,179)
Increase in income tax refund due	(11,394)	-
Decrease in trade and other payables	(11,763)	(1,529)
Increase/(decrease) in provision for income tax	(12,325)	12,156
Decrease in deferred tax liabilities	(1,243)	(6,212)
Increase/(decrease) in employee benefits	10,849	(4,782)
Net cash provided by/(used in) operating activities	(25,312)	88,449

Note 28. Earnings per share

	2023 $	2022 $
Profit after income tax	12,439	53,567
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	833,462	833,462
Weighted average number of ordinary shares used in calculating diluted earnings per share	833,462	833,462

Note 28. Earnings per share (continued)

	Cents	Cents
Basic earnings per share	1.49	6.43
Diluted earnings per share	1.49	6.43

Accounting policy for earnings per share
Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Strzelecki Ranges Community Enterprises Limited, by the weighted average number of ordinary shares outstanding during the financial year.

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

The company is planning to go through a selective share buy back process. This is to be voted on at the company Annual General Meeting.

No other matter or circumstance has arisen since 30 June 2023 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

30 June 2023

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 2023 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Janette Mary Head
Chair

15 September 2023

Independent audit report

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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(03) 5443 0344

Independent auditor's report to the Directors of Strzelecki Ranges Community Enterprises Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Strzelecki Ranges Community Enterprises Limited (the company), which comprises:

- Statement of financial position as at 30 June 2023
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including a summary of significant accounting policies
- The directors' declaration of the company.

In our opinion, the accompanying financial report of Strzelecki Ranges 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 2023 and of its financial performance for the year ended on that date; and
ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

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.

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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Other Information

The other information comprises the information included in the company's annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon. The annual report may also include "other information" on the company's operations and financial results and financial position as set out in the financial report, typically in a Chairman's report and Manager's report, and reports covering governance and shareholder matters.

The directors are responsible for the other information. The annual report is expected to be made available to us after the date of this auditor's report.

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

Our responsibility is to read the other information identified above when it becomes available 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 we identify that a material inconsistency appears to exist when we read the annual report (or become aware that the other information appears to be materially misstated), we will discuss the matter with the directors and where we believe that a material misstatement of the other information exists, we will request management to correct the other information. We have nothing to report in this regard.

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.

The directors are responsible for overseeing the company's financial reporting process.

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.

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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.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 15th September 2023

Joshua Griffin
Lead Auditor

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