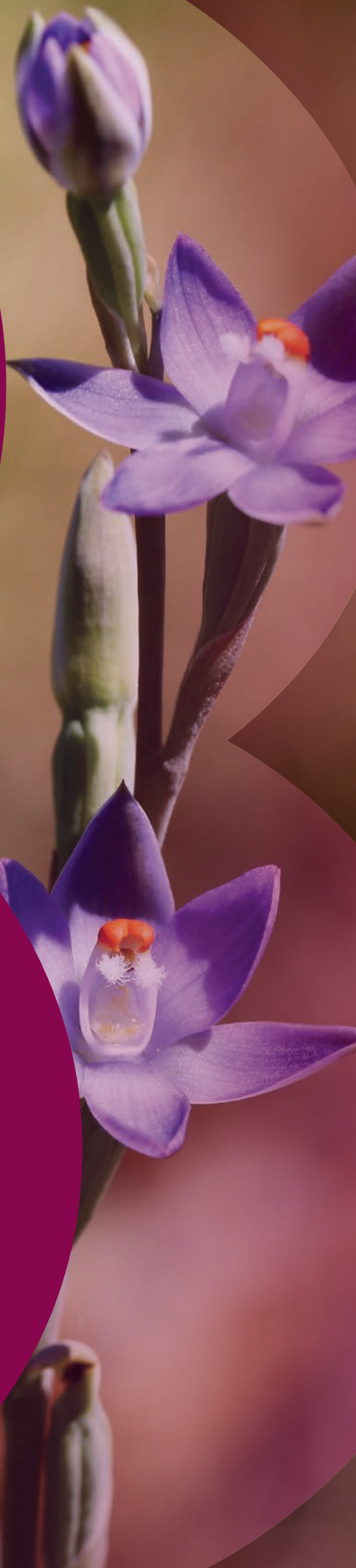


Annual Report 2025

Strzelecki Ranges
Community Enterprises
Limited

Community Bank
Mirboo North & District

ABN 76 139 013 095



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Chair's report

For year ending 30 June 2025

It is with great pleasure that I present my first report as Chair of the Strzelecki Ranges Community Enterprises Limited (SRCEL) for the year ending 30 June 2025.

Despite the challenging global economic climate and the volatility affecting the banking sector, including here in Mirboo North, I am pleased to report that our business continues to perform well. Our total revenue for the financial year was \$1,022,903 compared to just over \$1.1million the previous year.

Despite a lower profit (before community contributions and income tax expense) of \$369,852 (2024: \$503,624), we were still able to maintain our level of community contributions \$ 278,100 (2024: \$383,590) including an impressive \$ 170,000 to our sub-fund with the Mirboo North & District Community Foundation.

Our Board of Directors is actively guiding the Company toward future sustainability by leveraging the expertise of both Directors and staff. Board sub-committees are laser focused on implementing strategies to drive business growth and adapt to changing financial realities. These strategies include strengthening and broadening our reach within our communities and developing greater efficiencies in the business.

The Board's confidence in the Company's success is underpinned by signing on to a further term of our Franchise Agreement with Bendigo Bank. The Community Bank model sets us apart from other banks and provides a unique opportunity for empowering our communities through a true 'profit for purpose' business.

As shareholders, your involvement enables the Company to continue its successful operation, and we appreciate your ongoing participation in our business. We encourage you to advocate for the Company so that it can continue to provide substantial funding for scholarships, community projects, emergency donations, and sponsorships.

Following our recent performance, I'm pleased to announce that a fully franked dividend of 7cents per share will be paid in December 2025, bringing the total dividend on the original one dollar share purchase to 65 cents.

Key to our success are our wonderful staff, Sarah, Jess and Luci, who were recently joined by Abraham and Steven. Our Bank Manager Katrina, who has now been with us for over 12 months has expertly guided staff with a steady hand and enthusiastically immersed herself in the community and the Company business, Katrina has shown wonderful leadership qualities and a strong point of contact for customers and community volunteers.

I would like to thank our Executive Officer, Anne Marie Dieperink and Board Support Officer, Viv Williams, who ensure the Board is kept 'on track' and all our back-office processes are in order, whilst also going 'over and above' in supporting our Board in our volunteer work.

Lastly, I would like to thank our volunteer Directors who have shown such extraordinary dedication to the continuing success of our business using their wide-ranging knowledge from a broad spectrum of enterprises.

I'm grateful for everyone's work in building this cohesive, expert team, ensuring that the Mirboo North & District Community Bank is here for good!



Machteld Thomas
Chair of the Board

Manager's report

For year ending 30 June 2025

I am pleased to present the Branch Manager's report for this year's Annual Report. Looking back over the past year, I am filled with pride and gratitude for our branch's achievements and for the commitment shown by our team.

Now completing my first full year as Branch Manager, I have had the privilege of connecting with many members of our community. These experiences strengthen the relationship between our branch and those we serve. While responding to evolving expectations in an increasingly digital world, we have continued to deliver high-quality service and reliable financial support. We have increased new accounts and engaged more deeply with local businesses and partners — all direct results of our team's hard work and positive attitude.

I would like to thank the staff for their effort, support and dedication;

Sarah, with eleven years' service, continues to be a cornerstone of our branch, known for her expertise and mentoring. Jess has returned from maternity leave, bringing renewed energy and excellent client relations. Abraham, recently joining us from Korumburra, has quickly become a valued, customer-focused team member. Steven, our newest addition, is set to drive business growth and home lending support after completing his training. Lucy is progressing well in her traineeship, showing promising development. We also farewelled Nicole, who dedicated ten years to our branch – her loyalty and contribution are greatly appreciated.

This year has been marked by adaptation in an increasingly changing banking environment against a backdrop of falling interest rates, high competition and a cost-of-living crunch. During the year, we reached several significant milestones. We celebrated our 15th birthday in July this year. We have now given more than \$2.6 million back to our communities, including over \$1 million set aside in a Foundation account for a major project.

For the year ahead, we are committed to building on our achievements and meeting future challenges. Our priorities include:

- Reduced turnaround time for loan approvals through new lending software
- Focusing on customer satisfaction and long-term relationships
- Growing our business by expanding our geographical areas
- Investing in staff development and maintaining an inclusive workplace culture.

As a profit-for-purpose business, we pride ourselves on giving back. When you bank with us, you are investing in your future and supporting local initiatives. Our profits are reinvested into projects that benefit the community. We encourage you to choose our branch, knowing that together, we can make a meaningful difference.

In closing, I extend my thanks to our irec of Directors, our staff, shareholders, customers, and community partners for playing their part in this community enterprise. Your support is the foundation of our branch and the reason we can help our communities thrive.



Katrina Guthrie
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2025

This year marks another significant chapter in our shared journey, one defined by **adaptation, collaboration, and remarkable achievements**. I'm immensely proud of our collective progress and the unwavering commitment demonstrated by our combined networks.

We began 2025 with a renewed focus on **model evolution**, a top priority that guided our decisions and initiatives throughout the year. This involved navigating the Franchising Code and broader regulatory changes to the **Franchise Agreement**. Thanks to the network's proactive engagement and cooperation, we successfully reviewed the agreement, and the necessary changes were implemented smoothly.

Beyond the operational successes, I want to highlight the **invaluable contributions** our Community Banks continue to make to their local communities. The dedication and commitment to supporting local initiatives remain a cornerstone of our combined success and a source of immense pride for Bendigo Bank.

In FY25, more than \$50 million was invested in local communities, adding to a total of and \$416 million since 1998. This funding enables community infrastructure development, strengthens the arts and culturally diverse communities, improving educational outcomes, and fosters healthy places for Australians to live and work.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your resilience, adaptability, and unwavering belief in our vision have been instrumental in our success. You are an integral part of the Bendigo Bank Community Banking family.

Your continued support is vital, and the results we've achieved together in 2025 underscore the continuing relevance and importance of the Community Bank model.

Justine Minne

Head of Community Banking, Bendigo Bank

Directors' report

For the financial year ended 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:



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: Chair, Business Development & Community Investment Committee



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: 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, Committee of Governance Inverloch Community House.

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

Directors' report (continued)

Directors (continued)



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



Brian Christopher McDermott

Title: Non-executive director

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 and Finance & Audit Committee



Kathryn Ann Senko

Title: Non-executive director

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

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. Former President of 5 Square Ball Committee.

Special responsibilities: Vice chair, Human Resources and Property Committee

Skye Ann de Hommel

Title: Non-executive director (appointed 27 August 2024)

Experience and expertise: Besides being a mum to two boys, Skye is passionate about Community Development. She holds a diploma of Community Welfare and has worked in as a youth caseworker for many years. She is active in her Yinnar community and has organised several large community events.

Special responsibilities: Nil

Directors' report (continued)

Directors (continued)



Stephen Koci

Title: Non-executive director (resigned 30 October 2024)

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: Nil

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 \$70,089 (30 June 2024: \$93,023).

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 \$
Fully franked dividend of 7 cents per share (2024: 7 cents)	54,597	58,342
Special unfranked dividend of 2.5 cents per share for 53,500 shares bought back	-	1,338
	54,597	59,680

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

No matter, circumstance or likely development in operations has arisen during or since the end of the financial year that has significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company.

Directors' report (continued)

Environmental regulation

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

Meetings of directors

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

	Board	
	Eligible	Attended
Machteld Lebertha Thomas	11	10
Janette Mary Head	11	10
Annette Margaretha Dieperink	11	9
Colin Alexander Brick	11	8
Brian Christopher McDermott	11	9
Kathryn Ann Senko	11	10
Paul David Jones	11	9
Skye Ann de Hommel	9	5
Stephen Koci	4	1

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 22 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' 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
Machteld Lebertha Thomas	-	-	-
Janette Mary Head	5,000	-	5,000
Annette Margaretha Dieperink	3,759	-	3,759
Colin Alexander Brick	500	-	500
Brian Christopher McDermott	10,000	-	10,000
Kathryn Ann Senko	2,000	-	2,000
Paul David Jones	-	-	-
Skye Ann de Hommel	-	-	-
Stephen Koci	-	-	-

Shares under option

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

Directors' report (continued)

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:

- 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.

Directors' report (continued)

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

A handwritten signature in black ink, appearing to read 'M. Thomas'.

Machteld Lebertha Thomas
Chair

25 September 2025

Auditor's independence declaration



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

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

As lead auditor for the audit of Strzelecki Ranges 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', written over a light blue horizontal line.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2025

A handwritten signature in black ink, appearing to read 'Adrian Downing', written over a light blue horizontal line.

Adrian Downing
Lead Auditor

Financial statements

Strzelecki Ranges Community Enterprises Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	954,718	1,059,278
Other revenue		14,659	18,720
Finance revenue		24,646	22,322
Fair value gains on financial assets		28,880	11,984
Total revenue		<u>1,022,903</u>	<u>1,112,304</u>
Employee benefits expense	7	(472,290)	(421,032)
Advertising and marketing costs		(18,343)	(13,569)
Occupancy and associated costs		(19,496)	(26,068)
System costs		(28,396)	(28,999)
Depreciation and amortisation expense	7	(42,163)	(37,469)
Finance costs		-	(2)
General administration expenses		(72,363)	(81,541)
Total expenses before community contributions and income tax		<u>(653,051)</u>	<u>(608,680)</u>
Profit before community contributions and income tax expense		369,852	503,624
Charitable donations, sponsorships and grants expense	7	<u>(278,100)</u>	<u>(383,590)</u>
Profit before income tax expense		91,752	120,034
Income tax expense	8	<u>(21,663)</u>	<u>(27,011)</u>
Profit after income tax expense for the year		70,089	93,023
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on the revaluation of land and buildings, net of tax		<u>-</u>	<u>71,925</u>
Other comprehensive income for the year, net of tax		<u>-</u>	<u>71,925</u>
Total comprehensive income for the year		<u><u>70,089</u></u>	<u><u>164,948</u></u>
		Cents	Cents
Basic earnings per share	25	8.99	11.93
Diluted earnings per share	25	8.99	11.93

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

Financial statements (continued)

Strzelecki Ranges Community Enterprises Limited Statement of financial position As at 30 June 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	9	567,426	507,664
Trade and other receivables	10	76,644	98,904
Financial assets	11	177,269	148,389
Total current assets		<u>821,339</u>	<u>754,957</u>
Non-current assets			
Property, plant and equipment	12	490,797	520,908
Intangible assets	13	72,954	12,972
Total non-current assets		<u>563,751</u>	<u>533,880</u>
Total assets		<u>1,385,090</u>	<u>1,288,837</u>
Liabilities			
Current liabilities			
Trade and other payables	14	53,200	25,379
Current tax liabilities	8	3,488	17,963
Employee benefits	15	43,461	45,002
Total current liabilities		<u>100,149</u>	<u>88,344</u>
Non-current liabilities			
Trade and other payables	14	64,200	-
Deferred tax liabilities	8	57,671	55,499
Employee benefits	15	3,833	1,249
Total non-current liabilities		<u>125,704</u>	<u>56,748</u>
Total liabilities		<u>225,853</u>	<u>145,092</u>
Net assets		<u>1,159,237</u>	<u>1,143,745</u>
Equity			
Issued capital	16	760,615	760,615
Reserves		167,760	167,760
Retained earnings		230,862	215,370
Total equity		<u>1,159,237</u>	<u>1,143,745</u>

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

Financial statements (continued)

Strzelecki Ranges Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2025

	Note	Issued capital \$	Revaluation Reserve	Retained earnings \$	Total equity \$
Balance at 1 July 2023		812,778	95,835	182,027	1,090,640
Profit after income tax expense		-	-	93,023	93,023
Other comprehensive income, net of tax		-	71,925	-	71,925
Total comprehensive income		-	71,925	93,023	164,948
<i>Transactions with owners in their capacity as owners:</i>					
Buy back of shares during period		(52,163)	-	-	(52,163)
Dividends provided for or paid	18	-	-	(59,680)	(59,680)
Balance at 30 June 2024		<u>760,615</u>	<u>167,760</u>	<u>215,370</u>	<u>1,143,745</u>
 Balance at 1 July 2024		 760,615	 167,760	 215,370	 1,143,745
Profit after income tax expense		-	-	70,089	70,089
Other comprehensive income, net of tax		-	-	-	-
Total comprehensive income		-	-	70,089	70,089
<i>Transactions with owners in their capacity as owners:</i>					
Dividends provided for or paid	18	-	-	(54,597)	(54,597)
Balance at 30 June 2025		<u>760,615</u>	<u>167,760</u>	<u>230,862</u>	<u>1,159,237</u>

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

Financial statements (continued)

Strzelecki Ranges Community Enterprises Limited Statement of cash flows For the year ended 30 June 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,079,838	1,199,751
Payments to suppliers and employees and for community contributions (inclusive of GST)		(964,532)	(1,065,544)
Dividends received		7,642	7,276
Interest received		24,556	22,063
Interest and other finance costs paid		-	(2)
Income taxes refunded/(paid)		(31,466)	8,649
Net cash provided by operating activities	24	116,038	172,193
Cash flows from investing activities			
Payments for property, plant and equipment	12	(1,679)	(5,867)
Net cash used in investing activities		(1,679)	(5,867)
Cash flows from financing activities			
Payments for share buy-backs		-	(52,163)
Dividends paid	18	(54,597)	(59,680)
Net cash used in financing activities		(54,597)	(111,843)
Net increase in cash and cash equivalents		59,762	54,483
Cash and cash equivalents at the beginning of the financial year		507,664	453,181
Cash and cash equivalents at the end of the financial year	9	567,426	507,664

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

Notes to the financial statements

30 June 2025

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 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 25 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.

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.

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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

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.

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.

Notes to the financial statements (continued)

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

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.

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.

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 to be 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 2030.

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

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

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

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

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

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

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	839,825	942,794
Fee income	56,916	58,500
Commission income	57,977	57,984
	<u>954,718</u>	<u>1,059,278</u>

Accounting policy for revenue from contracts with customers

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

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

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

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

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 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.

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Core banking products

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

Ability to change financial return

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

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

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

Note 7. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	409,671	365,887
Superannuation contributions	45,057	39,590
Expenses related to long service leave	3,481	(2,440)
Other expenses	14,081	17,995
	<u>472,290</u>	<u>421,032</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Buildings	13,604	8,975
Improvements	12,331	12,241
Plant and equipment	3,256	3,282
	<u>29,191</u>	<u>24,498</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,162	2,162
Franchise renewal fee	10,810	10,809
	<u>12,972</u>	<u>12,971</u>
	<u>42,163</u>	<u>37,469</u>

Notes to the financial statements (continued)

Note 7. Expenses (continued)

Charitable donations, sponsorships and grants expense

	2025 \$	2024 \$
Direct donation, sponsorship and grant payments	84,100	159,590
Contribution to the Mirboo North & District Community Foundation	194,000	200,000
Contribution to the Community Enterprise Foundation™	-	24,000
	<u>278,100</u>	<u>383,590</u>

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

The funds contributed to and held by the Mirboo North & District Community Foundation (MNDCF) and the Community Enterprise Foundation™ (CEF) 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 and the CEF are not refundable to the company.

	2025 \$	2024 \$
<i>Funds available for distribution</i>		
Mirboo North & District Community Foundation	1,000,648	792,466
Community Enterprise Foundation™	103,415	110,916
	<u>1,104,063</u>	<u>903,382</u>

Note 8. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	21,648	26,065
Movement in deferred tax	2,172	28,779
Under/over adjustment	3	(1,755)
Net benefit of franking credits on dividends received	(2,160)	(2,103)
Movement in deferred tax through other comprehensive income	-	(23,975)
Aggregate income tax expense	<u>21,663</u>	<u>27,011</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	91,752	120,034
Tax at the statutory tax rate of 25%	22,938	30,009
Tax effect of:		
Non-deductible expenses	342	334
Other assessable income	540	526
Net benefit of franking credits on dividends received	(2,160)	(2,103)
	<u>21,660</u>	<u>28,766</u>
Under/over adjustment	3	(1,755)
Income tax expense	<u>21,663</u>	<u>27,011</u>

Notes to the financial statements (continued)

Note 8. Income tax (continued)

	2025 \$	2024 \$
<i>Deferred tax liabilities/(assets)</i>		
Property, plant and equipment	61,994	66,924
Net fair value gain on investments	6,933	(287)
Income accruals	1,548	1,525
Employee benefits	(11,824)	(11,563)
Accrued expenses	(980)	(1,100)
	<u>57,671</u>	<u>55,499</u>
Deferred tax liability		
	2025 \$	2024 \$
Provision for income tax	<u>3,488</u>	<u>17,963</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Note 9. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>567,426</u>	<u>507,664</u>

Note 10. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>66,557</u>	<u>88,229</u>
Other receivables and accruals	6,190	6,100
Prepayments	<u>3,897</u>	<u>4,575</u>
	<u>10,087</u>	<u>10,675</u>
	<u>76,644</u>	<u>98,904</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.

Notes to the financial statements (continued)

Note 11. Financial assets

	2025 \$	2024 \$
Equity securities - designated at fair value through profit or loss	<u>177,269</u>	<u>148,389</u>

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	148,389	136,405
Revaluation increments	<u>28,880</u>	<u>11,984</u>
Closing fair value	<u>177,269</u>	<u>148,389</u>

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.

Refer to note 20 for further information on fair value measurement.

Note 12. Property, plant and equipment

	2025 \$	2024 \$
Land - at fair value	<u>95,000</u>	<u>95,000</u>
Buildings - at fair value	380,000	380,000
Less: Accumulated depreciation	<u>(13,604)</u>	<u>-</u>
	<u>366,396</u>	<u>380,000</u>
Improvements - at cost	117,274	121,174
Less: Accumulated depreciation	<u>(114,098)</u>	<u>(103,068)</u>
	<u>3,176</u>	<u>18,106</u>
Plant and equipment - at cost	68,771	77,649
Less: Accumulated depreciation	<u>(42,546)</u>	<u>(49,847)</u>
	<u>26,225</u>	<u>27,802</u>
	<u>490,797</u>	<u>520,908</u>

Notes to the financial statements (continued)

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:

	Land \$	Buildings \$	Improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	56,000	332,075	30,347	25,217	443,639
Additions	-	-	-	5,867	5,867
Revaluation increments	39,000	56,900	-	-	95,900
Depreciation	-	(8,975)	(12,241)	(3,282)	(24,498)
Balance at 30 June 2024	95,000	380,000	18,106	27,802	520,908
Additions	-	-	-	1,679	1,679
Disposals	-	-	(2,599)	-	(2,599)
Depreciation	-	(13,604)	(12,331)	(3,256)	(29,191)
Balance at 30 June 2025	95,000	366,396	3,176	26,225	490,797

Accounting policy for property, plant and equipment

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

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

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.

Note 13. Intangible assets

	2025 \$	2024 \$
Franchise fee	44,265	32,106
Less: Accumulated amortisation	(32,106)	(29,944)
	12,159	2,162
Franchise renewal fee	171,326	110,531
Less: Accumulated amortisation	(110,531)	(99,721)
	60,795	10,810
	72,954	12,972

Notes to the financial statements (continued)

Note 13. Intangible assets (continued)

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

	Franchise fee \$	Franchise renewal fee \$	Total \$
Balance at 1 July 2023	4,324	21,619	25,943
Amortisation expense	(2,162)	(10,809)	(12,971)
Balance at 30 June 2024	2,162	10,810	12,972
Additions	12,159	60,795	72,954
Amortisation expense	(2,162)	(10,810)	(12,972)
Balance at 30 June 2025	<u>12,159</u>	<u>60,795</u>	<u>72,954</u>

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	July 2030
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2030

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

Note 14. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	22,408	2,728
Other payables and accruals	<u>30,792</u>	<u>22,651</u>
	<u>53,200</u>	<u>25,379</u>
<i>Non-current liabilities</i>		
Other payables and accruals	<u>64,200</u>	<u>-</u>
	<u>2025 \$</u>	<u>2024 \$</u>
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	117,400	25,379
less other payables and accruals (net GST refundable from/(payable to) the ATO)	<u>7,073</u>	<u>(1,058)</u>
	<u>124,473</u>	<u>24,321</u>

Notes to the financial statements (continued)

Note 15. Employee benefits

	2025 \$	2024 \$
<i>Current liabilities</i>		
Annual leave	21,058	23,496
Long service leave	22,403	21,506
	<u>43,461</u>	<u>45,002</u>
<i>Non-current liabilities</i>		
Long service leave	<u>3,833</u>	<u>1,249</u>

Accounting policy for short-term employee benefits

Liabilities for 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. Non-accumulating non-vesting sick leave is expensed when the leave is taken and is measured at the rates paid or payable.

Accounting policy for other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency 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 16. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	779,962	833,462	781,299	833,462
Less: Share buy back	-	(53,500)	-	(52,163)
Less: Equity raising costs	-	-	(20,684)	(20,684)
	<u>779,962</u>	<u>779,962</u>	<u>760,615</u>	<u>760,615</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.

Notes to the financial statements (continued)

Note 16. Issued capital (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 305. As at the date of this report, the company had 326 shareholders (2024: 326 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 17. 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.

Notes to the financial statements (continued)

Note 17. 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 18. Dividends

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

	2025 \$	2024 \$
Fully franked dividend of 7 cents per share (2024: 7 cents)	54,597	58,342
Special unfranked dividend of 2.5 cents per share for 53,500 shares bought back	-	1,338
	<u>54,597</u>	<u>59,680</u>

Franking credits

	2025 \$	2024 \$
Franking account balance at the beginning of the financial year	130,054	156,047
Franking credits (debits) arising from income taxes paid (refunded)	31,466	(8,649)
Franking debits from the payment of franked distributions	(18,199)	(19,447)
Franking credits from franked distributions received	2,160	2,103
	<u>145,481</u>	<u>130,054</u>

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

Balance at the end of the financial year	145,481	130,054
Franking credits (debits) that will arise from payment (refund) of income tax	7,488	19,463
Franking credits available for future reporting periods	<u>152,969</u>	<u>149,517</u>

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

Accounting policy for dividends

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

Note 19. Financial risk management

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

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

Notes to the financial statements (continued)

Note 19. Financial risk management (continued)

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

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

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

	2025 \$	2024 \$
Financial assets		
Trade and other receivables (note 10)	76,644	98,904
Cash and cash equivalents (note 9)	567,426	507,664
Financial assets (note 11)	177,269	148,389
	<u>821,339</u>	<u>754,957</u>
Financial liabilities		
Trade and other payables (note 14)	<u>124,473</u>	<u>24,321</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

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

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

The company's financial assets measured at FVTPL comprise investments in listed entities over which the company does not have significant influence nor control.

Derecognition

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

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.

Notes to the financial statements (continued)

Note 19. Financial risk management (continued)

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

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.

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 \$567,426 at 30 June 2025 (2024: \$507,664).

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.

	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
2025						
Equity securities	10%	<u>17,727</u>	<u>13,295</u>	(10%)	<u>(17,727)</u>	<u>(13,295)</u>
	% change increase	Effect on profit before tax	Effect on equity	% change decrease	Effect on profit before tax	Effect on equity
2024						
Equity securities	10%	<u>13,641</u>	<u>10,230</u>	(10%)	<u>(13,641)</u>	<u>(10,230)</u>

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	60,273	64,200	-	124,473
Total non-derivatives	<u>60,273</u>	<u>64,200</u>	<u>-</u>	<u>124,473</u>

Notes to the financial statements (continued)

Note 19. Financial risk management (continued)

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	24,321	-	-	24,321
Total non-derivatives	24,321	-	-	24,321

Note 20. Fair value measurement

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2025				
<i>Assets</i>				
Equity securities	177,269	-	-	177,269
Land	-	95,000	-	95,000
Buildings	-	380,000	-	380,000
Total assets	177,269	475,000	-	652,269
2024				
<i>Assets</i>				
Equity securities	148,389	-	-	148,389
Land	-	95,000	-	95,000
Buildings	-	380,000	-	380,000
Total assets	148,389	475,000	-	623,389

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 21. 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.

Machteld Lebertha Thomas
Janette Mary Head
Annette Margaretha Dieperink
Colin Alexander Brick
Brian Christopher McDermott

Kathryn Ann Senko
Paul David Jones
Skye Ann de Hommel
Stephen Koci

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

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

Notes to the financial statements (continued)

Note 22. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 21.

Receivable from and payable to related parties

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

Transactions with related parties

Annette Margatha Dieperink receives a salary for her role as company secretary and executive officer.

The following transactions occurred with related parties:

	2025 \$	2024 \$
The company made a donation to Grand Ridge Rail Trail which is a related party of a director	-	4,400
The company received services from the partner of a board member	-	2,172
The company made a donation to Boolarra Memorial Park which is a related party of a director	4,215	-
The company made a donation to 1st Mirboo North Scouts which is a related party of a director	4,682	-

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 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	8,028	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	265	900
General advisory services	3,880	4,670
Share registry services	-	4,186
	4,145	9,756
	12,173	16,406

Notes to the financial statements (continued)

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	70,089	93,023
Adjustments for:		
Depreciation and amortisation	42,163	37,469
Net loss on disposal of non-current assets	2,599	-
Increase in fair value of equity instruments designated at FVTPL	(28,880)	(11,984)
Change in operating assets and liabilities:		
Decrease in trade and other receivables	22,260	37,612
Decrease in income tax refund due	-	11,394
Increase in deferred tax assets	-	(23,975)
Increase/(decrease) in trade and other payables	19,067	(347)
Increase/(decrease) in provision for income tax	(14,475)	17,963
Increase in deferred tax liabilities	2,172	28,779
Increase/(decrease) in employee benefits	1,043	(17,741)
Net cash provided by operating activities	<u>116,038</u>	<u>172,193</u>

Note 25. Earnings per share

	2025 \$	2024 \$
Profit after income tax	<u>70,089</u>	<u>93,023</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>779,962</u>	<u>779,962</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>779,962</u>	<u>779,962</u>
	Cents	Cents
Basic earnings per share	8.99	11.93
Diluted earnings per share	8.99	11.93

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.

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



Machteld Lebertha Thomas
Chair

25 September 2025

Independent audit report



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

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

Report on the audit of the financial report

Our opinion

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 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 Strzelecki Ranges 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
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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: 25 September 2025

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

Adrian Downing
Lead Auditor

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