Annual Report 2024

Strzelecki Ranges Community Enterprises Limited

$2 million club.

Since 2010

Community Bank
Mirboo North & District

ABN 76 139 013 095

Contents

Chair's report

For year ending 30 June 2024

Once again, it is my greatest pleasure to present to you our Annual Report for the year ending 30 June 2024. 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 Community Bank's future success by being our voice in the community. We ask that you be an advocate for our Company 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 Community Bank.

Strzelecki Ranges Community Enterprises Limited (SRCEL) has seen another healthy year of revenue over the 2023/24 Financial Year. Although margins declined initially, for the second half of the financial year they have remained steady.

Our Total Revenue for the year ending 30 June 2024 is of $1,112,304. This was lower than last year, but better than anticipated.

Despite a lower profit before community contributions and income tax expense of $503,624, compared to $658,233 in the previous year, the total community contributions during the past financial year were still an impressive $383,590 including another sizeable contribution of $200,000 to the Community Enterprise Foundation.

Our net profit (after community contributions and income tax) is $93,023, up from $12,439 in the year prior.

I am pleased to announce, that a dividend of 7 cents per share is payable in December 2024. This brings the total dividend on your $1 share to 58 cents in fully franked dividends.

We undertook a share buyback during the year, which has successfully wiped out our 'shares for sale' register. These shares were canceled, and so it benefits all remaining shareholders as there are now less shares to spread the dividend over.

Our staff are key to the success of our community enterprise as they are the face of our Company. We are very proud of all our staff and thank them for their loyalty and dedication.

We are very happy to have Katrina Guthrie on board as our Branch Manager since June this year. She has already proven herself to be a wonderful asset to the Community Bank and is enjoying meeting a variety of community volunteers and customers.

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 Skye de Hommel as a newly appointed director to the board. Skye comes to us representing the community of Yinnar where she tackles community projects with great skill and enthusiasm. Tonight, we also say goodbye to Stephen Koci, who will be standing down as director. His calm and considered opinion at our board meetings will be missed and we wish him all the best in his work and community endeavors.

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 & District.

Jan Head
Chair of the Board

Manager's report

For year ending 30 June 2024

It is very pleasing to report that we have experienced growth during the 2023/24 financial year, despite the challenging economic climate. Our book balance now stands at $131.4 million, a gain of $2.2 million. We also saw an increase in customer numbers by 13.9%, bringing our customer numbers to 2,942. We generated a YTD revenue from contracts with customers of $1.059 million.

I take over the reins from previous Branch Manager Alex Masut. I made the decision earlier this year to come to Gippsland to be closer to my family and made the move from the Yarra Ranges. I have 13 years' experience with Bendigo Bank and previous to this role, was the Branch Operations Manager of Community Bank Ringwood East and Community Bank Croydon. On 3 June, I started my new role with Community Bank Mirboo North & District and have been warmly welcomed by staff, customers, board and the wider community.

Nicole Smith, Sarah Lawson, Jess Souter and Kristin Lowe are a wonderful team and between them have over 25 years banking experience. They have done a really great job in the past year dealing with some challenging circumstances and getting on with running the branch with a business-as-usual approach. I would like to recognise them and offer my thanks in keeping the branch running with minimal disruption.

I've come at a wonderful time with the branch celebrating 14 years and having given back more than $2 million to over 120 community groups in Mirboo North and surrounding districts through grants, donations and sponsorships. It is because of you our customers and shareholders that we were able to do this so a big thank you! This milestone was celebrated at an afternoon tea with shareholders and past directors at Lamezleighs. It was great to hear stories of how the community got the Community Bank up and running all those years ago, how the town pull together and get things done when needed, raising funds for projects big and small and just looking after one another.

My aim for the new financial year is to lead and support the staff in their development and upskill them so that they can bring even more skill, knowledge and growth to themselves and their roles. We will also reach out to as many community groups as possible and grow the connection between them and the team. By doing this, the community of Mirboo North and surrounding district becomes even stronger and the benefit that the Community Bank has to offer could be even greater than it is now. If you have an event you would like us to attend, please reach out.

I would like to extend my heartfelt thanks to the board, the staff and the community for a very warm welcome to Mirboo North. I have only been here a few short months however I feel already that this was the right move for me.

I love being part of the Community Bank as we really do make a big difference to community. It is a wonderful thing to be able to give back.

I hope to see you all out there somewhere on my travels!

Katrina Guthrie
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2024

This past year has been particularly significant for Bendigo Bank and the Community Bank network. After five years apart, we had the opportunity to come together in person and connect in Bendigo at our National Conference in September.

It was lovely to see so many familiar faces and to meet many directors who haven't attended previously. We feel proud to support such an amazing network.

We are committed to our strategy and the qualities that make Bendigo Bank unique, by staying true to our connection with communities, our regional roots, and our position as Australia's most trusted bank.

As Bendigo Bank adapts to the evolving digital landscape and changing customer expectations, the Community Bank Network is organically evolving in response.

Over the past 12 months, we have seen Community Bank companies seek to enhance their presence within their communities more than ever.

This has been through expanding or consolidating branch sites, collaborating with local, state, and national governments to support community initiatives, or by prioritising social value alongside financial performance through Social Trader accreditation.

The anniversary of the Community Bank model, along with changing environmental factors, provides an opportunity to reset and establish a clear pathway towards the next 25 years.

Bendigo Bank's purpose, to feed into the prosperity of communities, and our willingness to ensure our purpose is relevant to the needs of communities in which we are present, is a key contributor to our commercial success.

When we utilise our combined strengths, exercise our imaginations and have the courage to commit to creating our own opportunities, we will be the partner of choice for customers and communities regardless of location or cause.

Community, regional presence, and trust are the distinctive attributes of Bendigo Bank that we have maintained and plan to uphold in the future.

While Bendigo Bank emphasises commercial success, our foundation remains in community values. Our aim is to generate mutual value by providing solutions to local challenges.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your contribution helps foster economic growth, creates employment opportunities, and provides essential financial services to the members of your community.

Your dedication and support is making a positive impact on your community.

Justine Minne
Bendigo and Adelaide Bank

Directors' report

For the financial year ended 30 June 2024

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2024.

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 Committee. 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

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

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

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

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. President of 5 Square Ball Committee.

Special responsibilities: Business Development and Community Investment Committee

Directors (continued)

Kerry Anne Ives

Title: Non-executive director (resigned 19 December 2023)

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

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 $93,023 (30 June 2023: $12,439).

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.

	2024 $	2023 $
Fully franked dividend of 5 cents per share (2022: 5 cents)	58,342	41,673
Special unfranked dividend of 2.5 cents per share for 53,500 shares bought back	1,338	-
	59,680	**41,673**

Significant changes in the state of affairs

On 1 July 2023, Bendigo Bank updated the Funds Transfer Pricing (FTP) base rate on certain deposits which has reduced the income earned on these products.

During the financial year, the company completed a share buy back, where the company bought back and canceled 53,500 ordinary shares at $1 each following the offer made to the company's shareholders. The offer valued the shares at $0.975 each, with the remaining $0.025 paid as an unfranked dividend.

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2024 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Likely developments and expected results of operations

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

Environmental regulation

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

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
Janette Mary Head	11	11
Annette Margaretha Dieperink	11	11
Machteld Lebertha Thomas	11	10
Colin Alexander Brick	11	7
Stephen Koci	11	6
Brian Christopher McDermott	11	6
Kathryn Ann Senko	11	9
Paul David Jones	11	8
Kerry Anne Ives	6	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 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
Janette Mary Head	5,000	-	5,000
Annette Margaretha Dieperink	3,759	-	3,759
Machteld Lebertha Thomas	-	-	-
Colin Alexander Brick	500	-	500
Stephen Koci	-	-	-
Brian Christopher McDermott	10,000	-	10,000
Kathryn Ann Senko	2,000	-	2,000
Paul David Jones	-	-	-
Kerry Anne Ives	-	-	-

Shares under option

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

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2024 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.

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

27 August 2024

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 2024, 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: 27 August 2024

Adrian Downing
Lead Auditor

afsbendigo.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Strzelecki Ranges Community Enterprises Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2024

	Note	2024 $	2023 $
Revenue from contracts with customers	6	1,059,278	1,197,529
Other revenue		18,720	27,759
Finance revenue		22,322	16,918
Fair value gains on financial assets		11,984	3,763
Total revenue		1,112,304	1,245,969
Employee benefits expense	7	(421,032)	(390,437)
Advertising and marketing costs		(13,569)	(19,746)
Occupancy and associated costs		(26,068)	(38,128)
System costs		(28,999)	(26,434)
Depreciation and amortisation expense	7	(37,469)	(37,098)
Finance costs		(2)	-
General administration expenses		(81,541)	(75,893)
Total expenses before community contributions and income tax		(608,680)	(587,736)
Profit before community contributions and income tax expense		503,624	658,233
Charitable donations, sponsorships and grants expense	7	(383,590)	(642,600)
Profit before income tax expense		120,034	15,633
Income tax expense	8	(27,011)	(3,194)
Profit after income tax expense for the year		93,023	12,439
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Gain on the revaluation of land and buildings, net of tax		71,925	-
Other comprehensive income for the year, net of tax		71,925	-
Total comprehensive income for the year		164,948	12,439
		Cents	**Cents**
Basic earnings per share	25	11.93	1.49
Diluted earnings per share	25	11.93	1.49

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 2024

	Note	2024 $	2023 $
Assets			
Current assets			
Cash and cash equivalents	9	507,664	453,181
Trade and other receivables	10	98,904	136,516
Financial assets	11	148,389	136,405
Current tax assets	8	-	11,394
Total current assets		754,957	737,496
Non-current assets			
Property, plant and equipment	12	520,908	443,639
Intangible assets	13	12,972	25,943
Total non-current assets		533,880	469,582
Total assets		1,288,837	1,207,078
Liabilities			
Current liabilities			
Trade and other payables	14	25,379	25,726
Current tax liabilities	8	17,963	-
Employee benefits	15	45,002	63,444
Total current liabilities		88,344	89,170
Non-current liabilities			
Deferred tax liabilities	8	55,499	26,720
Employee benefits	15	1,249	548
Total non-current liabilities		56,748	27,268
Total liabilities		145,092	116,438
Net assets		1,143,745	1,090,640
Equity			
Issued capital	16	760,615	812,778
Reserves		167,760	95,835
Retained earnings		215,370	182,027
Total equity		1,143,745	1,090,640

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 2024

	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 or paid	18	-	-	(41,673)	(41,673)
Balance at 30 June 2023		812,778	95,835	182,027	1,090,640

	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
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	18	-	-	(59,680)	(59,680)
Buy back of shares during period	16	(52,163)	-	-	(52,163)
		(52,163)	-	(59,680)	(111,843)
Balance at 30 June 2024		760,615	167,760	215,370	1,143,745

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 2024

	Note	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		1,199,751	1,297,181
Payments to suppliers and employees and for community contributions (inclusive of GST)		(1,065,544)	(1,311,469)
Dividends received		7,276	7,378
Interest received		22,063	11,754
Interest and other finance costs paid		(2)	-
Income taxes refunded/(paid)		8,649	(30,156)
Net cash provided by/(used in) operating activities	24	172,193	(25,312)
Cash flows from investing activities			
Payments for property, plant and equipment	12	(5,867)	(14,038)
Net cash used in investing activities		(5,867)	(14,038)
Cash flows from financing activities			
Payments for share buy-backs		(52,163)	-
Dividends paid	18	(59,680)	(41,673)
Net cash used in financing activities		(111,843)	(41,673)
Net increase/(decrease) in cash and cash equivalents		54,483	(81,023)
Cash and cash equivalents at the beginning of the financial year		453,181	534,204
Cash and cash equivalents at the end of the financial year	9	507,664	453,181

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

Notes to the financial statements

30 June 2024

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 27 August 2024. 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 AASB that are mandatory for the current financial year. A description of the impact of new or amended Accounting Standards and Interpretations that have had a material impact on the company during the current financial year is outlined below:

AASB 2021-2 *Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* is mandatory for annual reporting periods beginning on or after 1 January 2023 and was adopted by the company in the preparation of the 30 June 2024 financial statements.

AASB 2021-2 includes amendments to AASB 101 *Presentation of Financial Statements*, requiring the company to disclose material accounting policy information in its financial statements rather than significant accounting policies which was required in previous financial years. Accounting policy information is material if it, when considered with other information, could reasonably be expected to influence decisions of primary users based on the financial statements.

Adoption of AASB 2021-2 has had no impact on the numerical information disclosed in the company’s financial statements. Rather, adoption has required the company to remove significant accounting policy information from the notes to the financial statements that is not considered material.

Accounting standards issued but not yet effective
An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to the company has been performed. No new or amended Accounting Standards or Interpretations that are not mandatory have been early adopted, nor are they expected to have a material impact on the company in future financial years.

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

Note 3. Material accounting policy information (continued)

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.

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.

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

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.

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 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.

Note 5. Economic dependency (continued)

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

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

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

Note 6. Revenue from contracts with customers

	2024 $	2023 $
Margin income	942,794	1,078,810
Fee income	58,500	59,959
Commission income	57,984	58,760
	1,059,278	1,197,529

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.

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

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

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

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

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

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

Note 7. Expenses

Employee benefits expense

	2024 $	2023 $
Wages and salaries	365,887	332,688
Superannuation contributions	39,590	39,802
Expenses related to long service leave	(2,440)	248
Other expenses	17,995	17,699
	421,032	390,437

Note 7. Expenses (continued)

Depreciation and amortisation expense

	2024 $	2023 $
Depreciation of non-current assets		
Buildings	8,975	8,975
Improvements	12,241	10,373
Plant and equipment	3,282	4,779
	24,498	24,127
Amortisation of intangible assets		
Franchise fee	2,162	2,162
Franchise renewal fee	10,809	10,809
	12,971	12,971
	37,469	37,098

Charitable donations, sponsorships and grants expense

	2024 $	2023 $
Direct donation, sponsorship and grant payments	159,590	82,600
Contribution to the Mirboo North & District Community Foundation	200,000	560,000
Contribution to the Community Enterprise Foundation™	24,000	-
	383,590	642,600

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.

	2024 $
Funds available for distribution	
Mirboo North & District Community Foundation	792,466
Community Enterprise Foundation™	110,916
	903,382

Note 8. Income tax

	2024 $	2023 $
Income tax expense		
Current tax	26,065	5,993
Movement in deferred tax	28,779	(1,243)
Under/over adjustment	(1,755)	408
Net benefit of franking credits on dividends received	(2,103)	(1,964)
Movement in deferred tax through other comprehensive income	(23,975)	-
Aggregate income tax expense	27,011	3,194
Prima facie income tax reconciliation		
Profit before income tax expense	120,034	15,633
Tax at the statutory tax rate of 25%	30,009	3,908
Tax effect of:		
Non-deductible expenses	334	351
Other assessable income	526	491
Net benefit of franking credits on dividends received	(2,103)	(1,964)
	28,766	2,786
Under/over adjustment	(1,755)	408
Income tax expense	27,011	3,194

	2024 $	2023 $
Deferred tax liabilities/(assets)		
Property, plant and equipment	66,924	45,591
Net fair value gain on investments	(287)	(3,283)
Income accruals	1,525	1,460
Employee benefits	(11,563)	(15,998)
Accrued expenses	(1,100)	(1,050)
Deferred tax liability	55,499	26,720

	2024 $	2023 $
Income tax refund due	-	11,394

	2024 $	2023 $
Provision for income tax	17,963	-

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 8. Income tax (continued)

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

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

Note 9. Cash and cash equivalents

	2024 $	2023 $
Cash at bank and on hand	507,664	453,181

Note 10. Trade and other receivables

	2024 $	2023 $
Trade receivables	88,229	110,408
Other receivables and accruals	6,100	21,307
Prepayments	4,575	4,801
	10,675	26,108
	98,904	136,516

	2024 $	2023 $
Financial assets at amortised cost classified as trade and other receivables		
Total trade and other receivables	98,904	136,516
less other receivables (net GST refundable from the ATO)	-	(27,180)
	98,904	109,336

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

Note 11. Financial assets

	2024 $	2023 $
Equity securities - designated at fair value through profit or loss	148,389	136,405

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

	2024	2023
Opening fair value	136,405	132,642
Revaluation increments	11,984	3,763
Closing fair value	148,389	136,405

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 12. Property, plant and equipment

	2024 $	2023 $
Land - at fair value	95,000	56,000
Buildings - at fair value	380,000	359,000
Less: Accumulated depreciation	-	(26,925)
	380,000	332,075
Improvements - at cost	121,174	121,174
Less: Accumulated depreciation	(103,068)	(90,827)
	18,106	30,347
Plant and equipment - at cost	77,649	71,782
Less: Accumulated depreciation	(49,847)	(46,565)
	27,802	25,217
	520,908	443,639

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 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
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

Fair value
The directors performed a directors valuation informed by a kerbside appraisal undertaken by Stockdale & Leggo Mirboo North on 22 April 2024. Whilst the kerbside appraisal performed by Stockdale & Leggo does not constitute an independent fair valuation in accordance with accounting standards, directors were comfortable to record a revaluation gain of $95,900 in the statement of profit or loss and other comprehensive income to provide a more accurate valuation of the land and buildings.

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

	2024 $	2023 $
Franchise fee	32,106	32,106
Less: Accumulated amortisation	(29,944)	(27,782)
	2,162	4,324
Franchise renewal fee	110,531	110,531
Less: Accumulated amortisation	(99,721)	(88,912)
	10,810	21,619
	12,972	25,943

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 2022	6,486	32,428	38,914
Amortisation expense	(2,162)	(10,809)	(12,971)
Balance at 30 June 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

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.

Note 14. Trade and other payables

	2024 $	2023 $
Current liabilities		
Trade payables	2,728	9,467
Other payables and accruals	22,651	16,259
	25,379	25,726

Note 14. Trade and other payables (continued)

	2024 $	2023 $
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	25,379	25,726
less other payables and accruals (net GST payable to the ATO)	(1,058)	-
	24,321	25,726

Note 15. Employee benefits

	2024 $	2023 $
Current liabilities		
Annual leave	23,496	38,797
Long service leave	21,506	24,647
	45,002	63,444
Non-current liabilities		
Long service leave	1,249	548

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 expenses 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

	2024 Shares	2023 Shares	2024 $	2023 $
Ordinary shares - fully paid	833,462	833,462	833,462	833,462
Less: Cost of share buy back	(53,500)	-	(52,163)	-
Less: Equity raising costs	-	-	(20,684)	(20,684)
	779,962	833,462	760,615	812,778

During the financial year, the company completed a share buy back, where the company bought back and canceled 53,500 ordinary shares at $1 each following the offer made to the company's shareholders. The offer valued the shares at $0.975 each, with the remaining $0.025 paid as an unfranked dividend as disclosed in note 18.

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.

Note 16. Issued capital (continued)

Rights attached to issued capital

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

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

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

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

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

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

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 263. As at the date of this report, the company had 326 shareholders (2023: 341 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.

Note 16. Issued capital (continued)

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.

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.

	2024 $	2023 $
Fully franked dividend of 7 cents per share (2023: 5 cents)	58,342	41,673
Special unfranked dividend of 2.5 cents per share for 53,500 shares bought back	1,338	-
	59,680	41,673

For more information on special dividend, refer to note 16.

Franking credits

	2024 $	2023 $
Franking account balance at the beginning of the financial year	156,047	137,817
Franking credits (debits) arising from income taxes paid (refunded)	(8,649)	30,157
Franking debits from the payment of franked distributions	(19,447)	(13,891)
Franking credits from franked distributions received	2,103	1,964
	130,054	156,047
Franking transactions that will arise subsequent to the financial year end:		
Balance at the end of the financial year	130,054	156,047
Franking credits (debits) that will arise from payment (refund) of income tax	19,463	(11,394)
Franking credits available for future reporting periods	149,517	144,653

Note 18. Dividends (continued)

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

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

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

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

- The company has no foreign exchange risk as all of its account balances and transactions are in Australian Dollars.
- The company's franchise agreement limits the company's credit exposure to one financial institution, being Bendigo Bank. The company monitors credit worthiness through review of credit ratings, Bendigo Bank is rated BBB+ 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.

	2024 $	2023 $
Financial assets		
Trade and other receivables (note 10)	98,904	109,336
Cash and cash equivalents (note 9)	507,664	453,181
Financial assets (note 11)	148,389	136,405
	754,957	698,922
Financial liabilities		
Trade and other payables (note 14)	24,321	25,726

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.

Note 19. Financial risk management (continued)

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.

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 $507,664 at 30 June 2024 (2023: $453,181).

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.

2024	**% change increase**	**Effect on profit before tax**	**Effect on equity**	**% change decrease**	**Effect on profit before tax**	**Effect on equity**
Equity securities	10%	14,838	11,128	(10%)	(14,838)	(11,128)

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)

Note 19. Financial risk management (continued)

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

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

2024	1 year or less $	Between 1 and 5 years $	Over 5 years $	Remaining contractual maturities $
Trade and other payables	25,379	-	-	25,379
Total non-derivatives	25,379	-	-	25,379

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

Note 20. Fair value measurement

2024	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity securities	148,389	-	-	148,389
Land	-	95,000	-	95,000
Buildings	-	380,000	-	380,000
Total assets	148,389	475,000	-	623,389

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

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.

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

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

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

Note 22. Related party transactions

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

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

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

The following transactions occurred with related parties:

	2024 $	2023 $
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	-

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:

	2024 $	2023 $
Audit services		
Audit or review of the financial statements	6,650	5,400
Other services		
Taxation advice and tax compliance services	900	660
General advisory services	4,670	3,020
Share registry services	4,186	3,981
	9,756	7,661
	16,406	13,061

Note 24. Reconciliation of profit after income tax to net cash provided by/(used in) operating activities

	2024 $	2023 $
Profit after income tax expense for the year	93,023	12,439
Adjustments for:		
Depreciation and amortisation	37,469	37,098
Increase in fair value of equity instruments designated at FVTPL	(11,984)	(3,763)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	37,612	(45,210)
Decrease/(increase) in income tax refund due	11,394	(11,394)
Increase in deferred tax assets	(23,975)	-
Decrease in trade and other payables	(347)	(11,763)
Increase/(decrease) in provision for income tax	17,963	(12,325)
Increase/(decrease) in deferred tax liabilities	28,779	(1,243)
Increase/(decrease) in employee benefits	(17,741)	10,849
Net cash provided by/(used in) operating activities	172,193	(25,312)

Note 25. Earnings per share

	2024 $	2023 $
Profit after income tax	93,023	12,439
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	779,962	833,462
Weighted average number of ordinary shares used in calculating diluted earnings per share	779,962	833,462
	Cents	**Cents**
Basic earnings per share	11.93	1.49
Diluted earnings per share	11.93	1.49

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.

Directors' declaration

30 June 2024

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 2024 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

Janette Mary Head
Chair

27 August 2024

Andrew Frewin Stewart
61 Bull Street Bendigo VIC 3550
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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

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 2024
- Statement of profit or loss and other comprehensive income for the year then ended
- Statement of changes in equity for the year then ended
- Statement of cash flows for the year then ended
- Notes to the financial statements, including material accounting policies
- The directors' declaration.

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 2024 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 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 2024, 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.

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.

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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.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 27 August 2024

Adrian Downing
Lead Auditor

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