

Annual Report 2024

Mallacoota Community
Enterprises Limited

Community Bank
Mallacoota

ABN 56 132 586 988

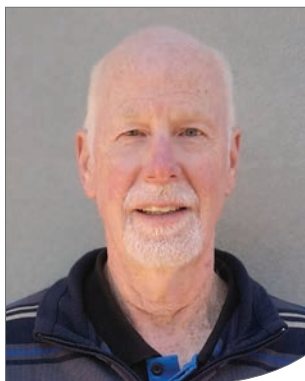


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Chairman's report

For year ending 30 June 2024



The Year That Was

To determine the success of any organisation, it is relevant to consider their performance against their Mission Statement.

Mallacoota Community Enterprises Limited's (MCEL) mission statement is to provide:

- direct financial support for Mallacoota organisations and community initiatives via community contributions.
- a full range of banking services, and protection of shareholder equity with a planned return on investment.

On both these fronts MCEL have been successful for the year ended 2023/24 by:

- injecting funds for the benefit of organisations within the Mallacoota community at a record high level of close to \$50,000.
- continuing to be the sole provider of a full set of banking services in Mallacoota utilising Bendigo Bank's excellent suite of products and expertise. This not being possible without our professional and caring staff, Michael, Rachel and Renae.

From a financial perspective, it is pleasing to report another excellent profit before tax of \$165,251 for the year ended 30 June 2024. This result was achieved off the back of stable interest rates and product margins throughout the year resulting in income levels in line with budget combined with continued and diligent management of expenses. Importantly, this result effectively allowed MCEL to be within reach of a long-standing financial goal to eliminate accumulated losses largely incurred in the initial years of MCEL's operation. The recent good performance means the Board is considering paying a dividend in the near future.

Of continuing concern is that footings levels have dropped from \$60 million as at 1 July 2023 to around \$55 million as at the end June 2024. Whilst reasons for the drop in footings can be explained by a combination of increased competition for deposits and significant levels of spending in this post bushfire period, the MCEL Board remain focussed on ways to retain/improve footings levels. In this regard, marketing and taking advantage of our business model which is to exist for the benefit of our staff, shareholders and community is paramount.

The Board continues to be appreciative of our staff who continue to meet all operational and compliance benchmarks. Much thanks is given to Michael in his first year as Branch Manager and Rachel and Renae who are the face of our Community Banking. Renae, unfortunately, has resigned to take up an excellent work opportunity effective August 2024.

From a Board perspective, we have had a busy and successful year. Resignations during the last year, however, of Kerri Warren, due to work commitments, and Brian Page after long and wonderful service to the Board, has left the Board in need of new members. Efforts to attract and appoint new Board members with a good representation of community interests and experience will continue. Thanks is given to all MCEL Board members past and present for their efforts over the year ended 30 June 2024.



Mallacoota Community Enterprises Limited board members <Names>

Going Forward

Importantly, profitability levels over this and possibly the next financial year will likely see the removal of accumulated losses resulting in fulfilment of the Bendigo Community Bank Model to not only be the primary provider of banking services in Mallacoota but to have 100% of profits either returned to the Mallacoota community or provided in dividend to our local shareholders.

MCEL, as a result, looks forward to working with community representatives, groups and businesses and being a significant contributor to Mallacoota's future prosperity.

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

Andrew Roberts
Chairman

Manager's report

For year ending 30 June 2024



Dear Shareholders, Customers and Community Members,

Community Bank Mallaacoota celebrated 15 years of service to the local community on 8th April 2024. I became a part of the team and its operations in June 2023, after building a home with my partner here in Mallaacoota in 2019 and moving from Melbourne in 2020.

Continuous change seems to have been the theme in the life of the community, the bank and in my own life over the last 12 months. Today, I look out on the streetscape changes going on outside the branch door. Inside the bank, we have introduced many digital banking changes to improve customer awareness, convenience and safety. At the same time, our branch continues to offer highly valued face-to-face customer services.

We have also had a staff change. Sadly, we say goodbye to Renae Boyle, but wish her all the very best in her career advancement. Many customers have expressed to Rachel and me their praises for Renae's readiness to help, her cheerful attitude, and her problem-solving skills when it comes to all things digital. At the time of writing, Anne Spackman is set to join the team in late August. Anne comes with banking experience and glowing references from past places of work. We are therefore confident our branch will be able to continue to provide professional and exceptional service to all our customers and visitors. I also wish to pass on my condolences to the family and friends of Melinda Wadsworth. Even though I did not have the pleasure of working with Melinda, I know she was a very much valued employee of the branch and close friend to Rachel, Ken and Renae.



Team members Renae Boyle and Rachel Morris

As a branch we continue to operate on a 3-day per week schedule and this is unlikely to change. The expected ongoing 3-day schedule is partly due to new online and behind-the-scenes innovations to be introduced at the bank over the next twelve months that promise to make dealing with the bank quicker and easier.

While the economic environment has continued to see cost of living and inflationary pressures impact our community, many of our customers have also seen elevated returns on investments while the cash rate has remained higher than the RBA's target range. In the current interest rates environment, the branch and the Mallaacoota Community Enterprises Ltd (MCEL) Board have also enjoyed the opportunity to return more profits to the community in terms of local group support. Another outcome of rates elevated for longer than expected, amongst many other factors, is that property values in Mallaacoota have remained strong.

The Community Bank model, operating under the Bendigo and Adelaide Bank umbrella, is unique. As a social enterprise, our branch seeks to profit with the community, not from it. As per prior years, several grants have been made locally throughout the year, such as to the Mallaacoota and District Tool Library, which provides a good example of how our profits are used to promote community resilience, self-reliance, and a roll-up-your-sleeves kind of community involvement and sharing. This would not have been possible without the continuing support of our community-minded bank customers who value our local presence and our genuine desire to benefit Mallaacoota and its districts in the wider context.

Manager's report (continued)

Of course, we still have room to learn, grow, improve and expand. Please help us spread the advantages that come with a continuing local bank presence; satisfied stakeholders are our most important advocates and keep us relevant, viable and enthusiastic.

We have an amazing organisation that continues to meet local needs on a weekly basis. I thank all our shareholders, business customers, personal customers, staff and the Board for their much-valued support on our shared journey.

Thank you,



Michael Kean
Branch Manager

Valé - Melinda Wadsworth

Melinda [Mindy] Wadsworth was a bright, cheerful and effervescent member of the Community Bank Mallacoota where she started as a casual staff member in March 2019. In time that role became permanent with other staff moving on and Mindy became a well-established and high valued member of the team by the time that I arrived. It was clear upon my arrival in the branch that Mindy and Rachel were a very tight team and this was reinforced in a pre-appointment get to know you lunch at Lucy's with the two of them. There were a lot of fairly direct questions – Mindy took the lead – it was more of a second job interview than a lunch!

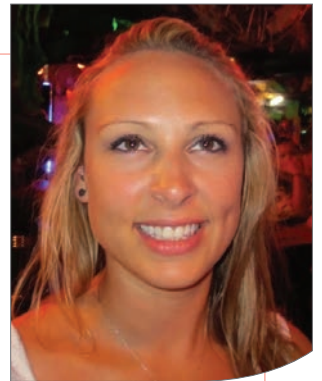
Rach and I have several clear memories of Mindy's time with the bank. She had a great capacity to absorb detail, was an exceptionally quick learner and became the branch 'go to' person for policy and procedures. Mindy is remembered for her strong sense of fairness and justice. Hidden beneath that jovial and fun exterior was someone who was very principled and who was determined to do the right thing by her team and those that she served. Mindy, Rach and I were a tight knit team and work was fun, however if you overstepped the mark or tried to short cut procedures beyond what Mindy thought was okay, she was very quick and very direct in letting you know. We loved that about her.

I remember the kindness and compassion she showed to everyone she encountered, but in particular the elderly and those most impacted by the bushfires. Like many of us, Mindy herself was impacted by the fires, and yet in spite of that went above and beyond for clients, demonstrating great self-resilience but also a real ability to connect with people. This made her an ideal sales person, she was driven to achieve and loved to set challenging targets for herself. She was someone who set very high standards for herself and delighted in reaching those targets.

For those that she worked with at Community Bank Mallacoota, Mindy was the work colleague that everyone wants to have in the desk next to them. Her smile, her laugh and her enthusiasm were infectious. After work drinks on a Thursday became an institution and she and Rachel became 'work-besties' looking out for each other and sharing all the ups and downs that life provides. When she moved on to a new role within the local community, we were devastated, but also knew that the opportunity she had was the right one for her to pursue.

Mindy is at peace after a courageous fight and we remember her for a life well loved and well lived.

- Ken Spackman



Sponsorship report

For year ending 30 June 2024

At Mallacoota Community Enterprises Limited (MCEL), operators of the Community Bank Mallacoota, we believe in nurturing our community from the ground up. Our exceptionally successful financial year has empowered us to support local non-profits and community groups. We extend our heartfelt thanks to our local volunteers for their incredible dedication. Without their efforts, our community would be less inclusive, vibrant, and eventful, and many programs and sporting groups simply wouldn't exist.

During this financial year we were extremely pleased to provide financial assistance to the following community groups.

MCEL is proud of its recent partnership with the **Mallacoota Tool Library**, providing essential funding of \$10,460 for the acquisition of new equipment. The Board were impressed with the Tool Library's application which focused on enabling residents to pursue their projects, the learning of new skills and how the new equipment would contribute to a safer and greener future for the town.

CHIRF/MIAC were supported with \$8,594 to upgrade exercise equipment. This allows them to provide the community with a gym space geared towards group rehabilitation programs and chronic disease management.

The **Mallacoota Soccer Club** needed funds to help support player and official development, so MCEL were delighted to assist with a \$2,000 sponsorship. This enabled local junior players to compete at representative levels and gave interested juniors the opportunity to attend referee courses.

The **Mallacoota & District Historical Society** were looking for funds to future proof the iconic WWII Bunker by applying a waterproof paint to the building to stop leakages. MCEL were happy to assist with \$5,800 to keep the building watertight and giving this wonderful 80-year-old building a makeover.



Clockwise from top left: Mallacoota Tool Library, CHIRF/MIAC, Mallacoota & District Historical Society, Mallacoota Soccer Club

Sponsorship report (continued)

An initiative from the **Wilderness Collective** won support from MCEL with \$6,000 to assist with their Social Enterprise Schools program. Support was supplied to provide an ongoing practical student led experience to develop citizen and enterprise capabilities.

Every year **Mallacoota P12 College** participates in the Surfing Victoria State Surfing Titles. To help defray students' accommodation and travel costs, MCEL contributed \$3,000 towards this event. Having our students participate allows them socialise with other schools and encourages the older students to show leadership and mentor the younger cohort.

The **Mallacoota Arts Council** sought contributory funding to bring their vision for a purpose-built workshop space to fruition. MCEL contribution of \$10,000 will allow MAC to provide workshops, facilitated by local artists, which will support community wellbeing, social interaction and a welcoming place for locals and visitors.

MCEL funds two tournaments each year at the **Mallacoota Golf Club** supporting the "golf club with a view" with \$500 for the Opening Season Day tournament and \$500 for their Annual Tournament a favourite with locals and visitors alike.

MCEL supports the local community radio station **3MGB** with \$1,800 to help maintain its vital role in providing diverse local content, emergency broadcasting, and fostering community engagement in Mallacoota and surrounding areas. This support ensures that 3MGB can continue to operate and serve as a crucial communication hub for the community."



Clockwise from top left: Wilderness Collective, Mallacoota P12 College, Mallacoota Golf Club, Mallacoota Arts Council

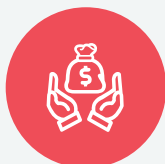
Financial Highlights 2023/24

For year ending 30 June 2024



\$2.655 million

MCEL contribution to the
Mallacoota and district
economy since 2009



\$48,518

Community
Sponsorships



\$165,251

Profit before tax



\$549,317

Income for 2023/24
Financial Year



985

Customers at
30 June 2024



\$54.9 million

Total footings at
30 June 2024



\$695,567

Net assets at
30 June 2024



15.29¢

Earnings per share



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

Community Bank National Council report

For year ending 30 June 2024



COMMUNITY BANK
NATIONAL COUNCIL

Community Bank network: celebrating 26 years of empowering communities

This year our Community Bank network celebrated 26 years of providing grassroots support to metro, regional, rural and remote communities across Australia. It's a milestone that has been widely applauded by our customers and partners who recognise the significant role we play in the lives of everyday Australians. We're there when it matters – whether that be as second responders in times of natural disaster, crisis and need; or as community builders, providing resources and support; help and hope.

In the 2022-23 financial year, our Community Bank network gave back more than \$32 million in grants, sponsorships and donations to local community projects and initiatives. Over 26 years, we have returned more than \$324 million to local communities for emergency services; facilities and infrastructure; sport and recreation; education and research; health and wellbeing; art, culture and heritage as well as environment and animal welfare.

As a shareholder in your local Community Bank, you are part of this incredible social enterprise network that is playing an ever-important role in the Australian economy. With close working relationships with local, state and federal government, peak governing bodies, clubs and community organisations, we are integrally connected and in tune with the needs of everyday Australians.

Our Community Bank network is a first mover in Australia with our unique social enterprise model. The first Community Bank opened its doors in 1998, and since then, the network has grown to 305 Community Bank branches. Today we represent a diverse cross-section of Australia with more than 215 community enterprises, 70,000+ shareholders, 1500+ volunteer directors, 1700 staff and 950,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in these relationships. The CBNC consists of both elected and appointed members from every state and territory. The role of council is to represent the network with its partners and to engage in strategic planning that delivers positive outcomes for our business and our communities.

The 2024 - 2026 Community Bank National Council Strategic Plan has four key focus areas:

- Impact – a planned, deliberate approach with investments that enhance community prosperity.
- Leadership and advocacy – to ensure the long-term sustainability of our enterprises.
- Network alignment – enabling us to develop and nurture partnerships that align with our defined areas of social impact.
- Commercial prosperity – supporting the commercial success of our enterprises.

It is through this strategic plan, which has a foundation built on connection and collaboration, that we will deliver a strong, and secure future for our directors, shareholders, staff and the communities we serve.

Warm regards

Lauren Bean
General Manager
Community Bank National Council

Directors' report

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:

Name:	Andrew John Roberts
Title:	Non-executive Director
Experience and expertise:	Andrew has a degree in Business Studies from Swinburne and is a CPA. He has experience in both external and internal audit and has experience in IT Risk Management. He was also a year 2000 Project Manager. Andrew is on the Committee of the Youth and Sports Club (Tennis and Badminton) and is actively involved in many other community groups.
Special responsibilities:	Chairman, Treasurer, Finance Committee (Chair), Market Development Committee and Resources Committee.
Name:	Peter Edward Allan Giddings
Title:	Non-executive Director
Experience and expertise:	Retired technical school technology teacher. Holds a Diploma of Technical Teaching and a Graduate Diploma Education Training and Technology and past Chairman Technical Teachers Registration Board. Currently a committee member of Mallacoota & District Recovery Association.
Special responsibilities:	Secretary, Market Development Committee, Finance Committee and Resources Committee
Name:	Jill Wood-Ingram
Title:	Non-executive Director
Experience and expertise:	Worked as a teacher at Bairnsdale Secondary College, Foster Secondary School, Mallacoota P-12 College, finishing around 2012. Held community group committee positions at the pre school, Pony Club, School Council, Mallacoota Arts Council, Mallacoota and District Historical Society.
Special responsibilities:	Market Development Committee (Acting Chair), Finance Committee and Resources Committee.
Name:	Susan Gloury Nicolaou
Title:	Non-executive director (appointed 23 August 2023)
Experience and expertise:	Susan has a degree in Human Resource Management and an MBA. Susan has experience in the construction and commercial real estate industries and was general manager for an international trading company. Prior to retiring, Susan ran her own family business and consultancy service. Susan is currently the Finance Officer for the Mallacoota SES and Secretary/Treasurer of the Mallacoota & District Historical Society.
Special responsibilities:	Market Development Committee, Finance Committee and Resources Committee.
Name:	Brian Stanley Page
Title:	Non-executive director (resigned 15 November 2023)
Experience and expertise:	Brian completed his apprenticeship as a Forge Master. He has worked as an assistant manager of a heavy forge and an assistant in heat treatment of heavy steel installations and maintenance of conveyors, and as a self-employed handyman providing home maintenance services. He is a member of the Senior Citizens, Mallacoota Golf Club, and Friends of Mallacoota.
Special responsibilities:	Market Development Committee, Finance Committee and Resources Committee (Chair).

Directors' report (continued)

Name:	Kerri Noelene Warren
Title:	Non-executive director (resigned 30 January 2024)
Experience and expertise:	Licensed Real Estate Agent since 2008 and Agents Representative for the 3 years prior. Sound knowledge of trust accounts and the audit process. Kerri has been involved with Mallacoota Golf Club in a paid capacity and responsible for balancing and banking of monies, Mallacoota Soccer Club and Mallacoota Pony Club in a voluntary capacity – sitting on committees and running regular events.
Special responsibilities:	Market Development Committee, Finance Committee and Resources Committee.

Company secretary

The company secretary is Peter Edward Allan Giddings. Peter was appointed to the position of company secretary on 24 February 2017.

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 \$125,553 (30 June 2023: \$235,275).

Operations have continued to perform in line with expectations.

Dividends

No dividends were declared or paid in the current financial year.

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.

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
Andrew John Roberts	11	11
Peter Edward Allan Giddings	11	10
Jill Wood-Ingram	11	9
Susan Gloury Nicolaou	10	9
Brian Stanley Page	4	4
Kerri Noelene Warren	6	-

Directors' report (continued)

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.

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
Andrew John Roberts	1,000	-	1,000
Peter Edward Allan Giddings	500	-	500
Jill Wood-Ingram	-	-	-
Susan Gloury Nicolaou	-	-	-
Brian Stanley Page	20,000	-	20,000
Kerri Noelene Warren	500	-	500

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 26 to the accounts.

Directors' report (continued)

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



Andrew John Roberts
Chair

25 September 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 Mallee Community Enterprises Limited

As lead auditor for the audit of Mallee 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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

Financial statements

Mallacoota 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	7	525,753	596,856
Other revenue	8	-	32,500
Finance revenue		23,564	5,707
Total revenue		<u>549,317</u>	<u>635,063</u>
Employee benefits expense	9	(180,100)	(178,717)
Advertising and marketing costs		(925)	(603)
Occupancy and associated costs		(10,053)	(10,641)
System costs		(28,777)	(25,083)
Depreciation and amortisation expense	9	(50,638)	(46,491)
Finance costs		(10,001)	(8,801)
General administration expenses		(55,054)	(43,933)
Total expenses before community contributions and income tax expense		<u>(335,548)</u>	<u>(314,269)</u>
Profit before community contributions and income tax expense		213,769	320,794
Charitable donations and sponsorships expense		<u>(48,518)</u>	<u>(7,094)</u>
Profit before income tax expense		165,251	313,700
Income tax expense	10	<u>(39,698)</u>	<u>(78,425)</u>
Profit after income tax expense for the year		125,553	235,275
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u><u>125,553</u></u>	<u><u>235,275</u></u>
		Cents	Cents
Basic earnings per share	28	15.29	28.65
Diluted earnings per share	28	15.29	28.65

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

Financial statements (continued)

Mallacoota Community Enterprises Limited Statement of financial position As at 30 June 2024

	Note	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalents	11	47,570	47,458
Trade and other receivables	12	56,479	66,932
Investments	13	583,088	417,454
Total current assets		<u>687,137</u>	<u>531,844</u>
Non-current assets			
Property, plant and equipment	14	74,871	74,040
Right-of-use assets	15	178,212	143,124
Intangible assets	16	67,591	9,888
Deferred tax assets	10	13,022	52,719
Total non-current assets		<u>333,696</u>	<u>279,771</u>
Total assets		<u>1,020,833</u>	<u>811,615</u>
Liabilities			
Current liabilities			
Trade and other payables	17	32,802	36,933
Lease liabilities	18	33,087	25,085
Employee benefits	19	27,581	22,370
Total current liabilities		<u>93,470</u>	<u>84,388</u>
Non-current liabilities			
Trade and other payables	17	46,958	-
Lease liabilities	18	170,380	136,987
Employee benefits	19	188	1,233
Provision	20	14,270	18,993
Total non-current liabilities		<u>231,796</u>	<u>157,213</u>
Total liabilities		<u>325,266</u>	<u>241,601</u>
Net assets		<u>695,567</u>	<u>570,014</u>
Equity			
Issued capital	21	802,211	802,211
Accumulated losses		<u>(106,644)</u>	<u>(232,197)</u>
Total equity		<u>695,567</u>	<u>570,014</u>

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

Financial statements (continued)

Mallacoota Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2024

	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2022	802,211	(467,472)	334,739
Profit after income tax expense	-	235,275	235,275
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	235,275	235,275
Balance at 30 June 2023	<u>802,211</u>	<u>(232,197)</u>	<u>570,014</u>
Balance at 1 July 2023	802,211	(232,197)	570,014
Profit after income tax expense	-	125,553	125,553
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	125,553	125,553
Balance at 30 June 2024	<u>802,211</u>	<u>(106,644)</u>	<u>695,567</u>

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

Financial statements (continued)

Mallacoota 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)		598,028	668,366
Payments to suppliers and employees (inclusive of GST)		(387,608)	(317,239)
Interest received		15,703	5,707
Net cash provided by operating activities	27	226,123	356,834
Cash flows from investing activities			
Redemption of/(investment in) term deposits		(165,634)	(284,892)
Payments for property, plant and equipment	14	(13,371)	(15,546)
Payments for intangible assets		(14,230)	(13,257)
Net cash used in investing activities		(193,235)	(313,695)
Cash flows from financing activities			
Interest and other finance costs paid		(9,061)	(7,914)
Repayment of lease liabilities		(23,715)	(22,593)
Net cash used in financing activities		(32,776)	(30,507)
Net increase in cash and cash equivalents		112	12,632
Cash and cash equivalents at the beginning of the financial year		47,458	34,826
Cash and cash equivalents at the end of the financial year	11	47,570	47,458

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 Mallacoota 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 57B Maurice Avenue, Mallacoota VIC 3892.

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 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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

Investments

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

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Notes to the financial statements (continued)

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

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.

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.

Lease term

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

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

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

Estimates and assumptions

Estimation of useful lives of assets

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

Notes to the financial statements (continued)

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

Incremental borrowing rate

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

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.

In the absence of sufficient historical employee attrition rates, the company applies a benchmark probability rate from across the Community Bank network to factor in estimating the probability of an employee, at a given date, achieving continuous employment eligible for entitlement in accordance with legislation.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 5. Economic dependency

The company has entered into a franchise agreement with Bendigo Bank that governs the management of the Community Bank. The company is economically dependent on the ongoing receipt of income under the franchise agreement with Bendigo Bank. The directors have no reason to believe a new franchise arrangement under mutually acceptable terms will not be forthcoming following expiry in March 2029.

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.

Notes to the financial statements (continued)

Note 5. Economic dependency (continued)

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

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

Note 6. Change to comparative figures

Classification of term deposits

During the year the directors reviewed the requirements of AASB 107 Statement of Cash Flows and noted term deposits normally qualify as a cash and cash equivalent only when they have initial investment periods of three months or less. In previous financial years the company classified all term deposits as cash and cash equivalents in the preparation of the financial statements even if they had initial investment periods greater than three months.

In the preparation of the financial statements for the current financial year, the directors updated its accounting policy to align to the requirements of AASB 107, restating comparative figures to reclassify term deposits with initial investment periods greater than three months as current investments instead of cash and cash equivalents in the Statement of financial position.

The change in classification had the following impacts on comparative figures:

- Cash and cash equivalents decreased and investments increased by \$417,454 at 30 June 2023 as reported in the Statement of financial position.
- Opening and closing cash balances were reduced to exclude term deposits with initial investment periods greater than three months as reported in the Statement of cash flows.
- Investments in and redemptions of term deposits with initial investment periods greater than three months are now classified within investment activities as reported in the Statement of cash flows.

The change in classification had no impact on the company's net profit or net asset position.

Calculation of right-of-use asset cost and accumulated depreciation

On adoption of AASB 16 Leases on 1 July 2019, the company previously recognised the right-of-use asset cost and accumulated depreciation on a gross basis from the commencement of the lease as if AASB 16 had always been applied by the company.

During the financial year the company recorded a change in accounting policy, whereby it elected to recognise the right-of-use asset net of accumulated depreciation on initial adoption of AASB 16. The change in accounting policy had no impact on the company's net profit or net asset position, however it did reduce the company's right-of-use asset cost and accumulated depreciation at 30 June 2023 by \$100,679.40.

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers

	2024 \$	2023 \$
Margin income	487,758	557,741
Fee income	20,131	20,525
Commission income	17,864	18,590
	525,753	596,856

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:

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

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

Revenue calculation

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

Margin

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

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 7. 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 8. Other revenue

	2024 \$	2023 \$
Market development fund	-	32,500

Accounting policy for market development fund

In previous years Bendigo Bank made market development fund (MDF) payments to the company, which has been based on the volume of business attributed to a branch. The purpose of the discretionary payments is to assist with local market development activities, including community sponsorships and grants. It is for the board to decide how to use the MDF. The payments from Bendigo Bank are discretionary and may change the amount or stop making them at any time. Bendigo Bank ceased the MDF at the end of June 2023 and therefore the company did not receive any contributions during the current financial year.

Note 9. Expenses

Employee benefits expense

	2024 \$	2023 \$
Wages and salaries	156,069	152,113
Superannuation contributions	16,296	16,125
Expenses related to long service leave	33	1,227
Other expenses	7,702	9,252
	<u>180,100</u>	<u>178,717</u>

Notes to the financial statements (continued)

Note 9. Expenses (continued)

Depreciation and amortisation expense

	2024 \$	2023 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	11,428	8,818
Plant and equipment	1,112	1,155
	<u>12,540</u>	<u>9,973</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>24,653</u>	<u>23,334</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,241	2,198
Franchise renewal fee	11,204	10,986
	<u>13,445</u>	<u>13,184</u>
	<u><u>50,638</u></u>	<u><u>46,491</u></u>

Note 10. Income tax

	2024 \$	2023 \$
<i>Income tax expense</i>		
Movement in deferred tax	1,156	2,553
Under/over adjustment	(1,615)	-
Recoupment of prior year tax losses	<u>40,157</u>	<u>75,872</u>
Aggregate income tax expense	<u><u>39,698</u></u>	<u><u>78,425</u></u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	<u>165,251</u>	<u>313,700</u>
Tax at the statutory tax rate of 25%	41,313	78,425
Under/over adjustment	<u>(1,615)</u>	<u>-</u>
Income tax expense	<u><u>39,698</u></u>	<u><u>78,425</u></u>

	2024 \$	2023 \$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward tax losses	5,332	43,874
Employee benefits	6,942	5,901
Provision for lease make good	3,567	4,748
Accrued expenses	1,100	1,050
Income accruals	(3,166)	(1,202)
Lease liabilities	50,867	40,518
Right-of-use assets	(44,553)	(35,781)
Property, plant and equipment	<u>(7,067)</u>	<u>(6,389)</u>
Deferred tax asset	<u><u>13,022</u></u>	<u><u>52,719</u></u>

Notes to the financial statements (continued)

Note 10. Income tax (continued)

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 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 11. Cash and cash equivalents

	2024 \$	2023 \$
Cash at bank and on hand	47,570	47,458

Note 12. Trade and other receivables

	2024 \$	2023 \$
Trade receivables	38,217	56,130
Accrued income	12,665	4,804
Prepayments	5,597	5,998
	18,262	10,802
	56,479	66,932

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 13. Investments

	2024 \$	2023 \$
<i>Current assets</i>		
Term deposits	583,088	417,454

Note 14. Property, plant and equipment

	2024 \$	2023 \$
Leasehold improvements - at cost	209,684	196,313
Less: Accumulated depreciation	(141,521)	(130,093)
	68,163	66,220
Plant and equipment - at cost	49,043	51,244
Less: Accumulated depreciation	(42,335)	(43,424)
	6,708	7,820
	74,871	74,040

Notes to the financial statements (continued)

Note 14. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2022	59,492	8,975	68,467
Additions	15,546	-	15,546
Depreciation	(8,818)	(1,155)	(9,973)
Balance at 30 June 2023	66,220	7,820	74,040
Additions	13,371	-	13,371
Depreciation	(11,428)	(1,112)	(12,540)
Balance at 30 June 2024	<u>68,163</u>	<u>6,708</u>	<u>74,871</u>

Accounting policy for property, plant and equipment

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

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

Leasehold improvements	4 to 20 years
Plant and equipment	1 to 40 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Note 15. Right-of-use assets

	2024 \$	2023 \$
Land and buildings - right-of-use	291,297	232,075
Less: Accumulated depreciation	<u>(113,085)</u>	<u>(88,951)</u>
	<u>178,212</u>	<u>143,124</u>

Notes to the financial statements (continued)

Note 15. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2022	154,003
Remeasurement adjustments	12,455
Depreciation expense	(23,334)
Balance at 30 June 2023	143,124
Remeasurement adjustments	59,741
Depreciation expense	(24,653)
Balance at 30 June 2024	<u>178,212</u>

Accounting policy for right-of-use assets

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

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

Refer to note 18 for more information on lease arrangements.

Note 16. Intangible assets

	2024 \$	2023 \$
Franchise fee	44,298	32,440
Less: Accumulated amortisation	(33,033)	(30,792)
	<u>11,265</u>	<u>1,648</u>
Franchise renewal fee	171,482	112,192
Less: Accumulated amortisation	(115,156)	(103,952)
	<u>56,326</u>	<u>8,240</u>
	<u>67,591</u>	<u>9,888</u>

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	3,846	19,226	23,072
Amortisation expense	(2,198)	(10,986)	(13,184)
Balance at 30 June 2023	1,648	8,240	9,888
Additions	11,858	59,290	71,148
Amortisation expense	(2,241)	(11,204)	(13,445)
Balance at 30 June 2024	<u>11,265</u>	<u>56,326</u>	<u>67,591</u>

Notes to the financial statements (continued)

Note 16. Intangible assets (continued)

Accounting policy for intangible assets

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

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

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

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

<u>Asset class</u>	<u>Method</u>	<u>Useful life</u>	<u>Expiry/renewal date</u>
Franchise fee	Straight-line	Over the franchise term (5 years)	March 2029
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	March 2029

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

Change in estimates

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

Note 17. Trade and other payables

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Trade payables	1,993	4,214
Other payables and accruals	30,809	32,719
	<u>32,802</u>	<u>36,933</u>
<i>Non-current liabilities</i>		
Other payables and accruals	46,958	-
	<u>46,958</u>	<u>-</u>
	2024	2023
	\$	\$
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	79,760	36,933
less other payables and accruals (net GST payable to the ATO)	(307)	(12,910)
	<u>79,453</u>	<u>24,023</u>

Note 18. Lease liabilities

	2024	2023
	\$	\$
<i>Current liabilities</i>		
Land and buildings lease liabilities	33,087	25,085
	<u>33,087</u>	<u>25,085</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	170,380	136,987
	<u>170,380</u>	<u>136,987</u>

Notes to the financial statements (continued)

Note 18. Lease liabilities (continued)

Reconciliation of lease liabilities

	2024 \$	2023 \$
Opening balance	162,072	172,209
Remeasurement adjustments	65,110	12,456
Lease interest expense	9,061	7,914
Lease payments - total cash outflow	(32,776)	(30,507)
	<u>203,467</u>	<u>162,072</u>

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially measured at the present value of the lease payments to be made over the term of the lease, including renewal options if the company is reasonably certain to exercise such options, discounted using the company's incremental borrowing rate.

The company has applied the following accounting policy choices in relation to lease liabilities:

- The company has elected not to separate lease and non-lease components when calculating the lease liability for property leases.
- The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and low-value assets, which include the company's lease of information technology equipment. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The company's lease portfolio includes:

Lease	Discount rate	Non-cancellable term	Renewal options	Reasonably certain to exercise options	Lease term end date used in calculations
Mallacoota branch	7.5%	5 years	1 x 3 years	Yes	March 2032

Note 19. Employee benefits

	2024 \$	2023 \$
<i>Current liabilities</i>		
Annual leave	20,087	15,954
Long service leave	7,494	6,416
	<u>27,581</u>	<u>22,370</u>
<i>Non-current liabilities</i>		
Long service leave	<u>188</u>	<u>1,233</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.

Notes to the financial statements (continued)

Note 20. Provision

	2024 \$	2023 \$
Lease make good	14,270	18,993

Lease make good

In accordance with the branch lease agreement, the company must restore the leased premises to the original condition before the expiry of the lease term. The company has estimated the provision to be \$25,000 based on experience and consideration of the expected future costs to remove all fittings and the ATM as well as the cost to remedy any damages caused during the removal process. The lease is due to expire on March 2029 at which time it is expected the face-value costs to restore the premises will fall due.

Note 21. Issued capital

	2024 Shares	2023 Shares	2024 \$	2023 \$
Ordinary shares - fully paid	821,309	821,309	821,309	821,309
Less: Equity raising costs	-	-	(19,098)	(19,098)
	821,309	821,309	802,211	802,211

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Notes to the financial statements (continued)

Note 21. Issued capital (continued)

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 266. As at the date of this report, the company had 297 shareholders (2023: 297 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 22. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 23. 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.

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.

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

	2024 \$	2023 \$
Financial assets		
Trade and other receivables (note 12)	50,882	60,934
Cash and cash equivalents (note 11)	47,570	47,458
Investments (note 13)	583,088	417,454
	<u>681,540</u>	<u>525,846</u>
Financial liabilities at amortised cost		
Trade and other payables (note 17)	79,453	24,023
Lease liabilities (note 18)	203,467	162,072
	<u>282,920</u>	<u>186,095</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

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

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

Derecognition

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

Impairment of trade and other receivables

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

Financial liabilities

Classification

The company classifies its financial liabilities at amortised cost.

Derecognition

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

Market risk

Market risk is the risk that changes in market prices - e.g. foreign exchange rates, interest rates, and equity prices - will affect the company's income or the value of its holdings in financial instruments.

Interest-bearing assets and liabilities are held with Bendigo Bank and earnings on those are subject to movements in market interest rates. The company held cash and cash equivalents of \$47,570 and investments of \$583,088 at 30 June 2024 (2023: \$47,458 and \$417,454).

Notes to the financial statements (continued)

Note 23. Financial risk management (continued)

Price risk

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

Liquidity risk

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

The following are the 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 \$
2024				
Trade and other payables	32,802	46,958	-	79,760
Lease liabilities	34,200	136,800	94,050	265,050
Total non-derivatives	67,002	183,758	94,050	344,810
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2023				
Trade and other payables	36,933	-	-	36,933
Lease liabilities	32,302	129,209	24,226	185,737
Total non-derivatives	69,235	129,209	24,226	222,670

Note 24. Key management personnel disclosures

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

Andrew John Roberts
Peter Edward Allan Giddings
Jill Wood-Ingram

Susan Gloury Nicolaou
Brian Stanley Page
Kerri Noelene Warren

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

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

Note 25. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 24.

The following transactions occurred with related parties:

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.

Terms and conditions of transactions with related parties

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

Notes to the financial statements (continued)

Note 25. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2024 \$	2023 \$
During the period, a sponsorship was made to Mallacoota Soccer Club of which a director is a committee member. The total benefit received was:	2,000	-
During the period, a sponsorship was made to Mallacoota & District Historical Society of which a director is a committee member and a director is secretary/treasurer. The total benefit received was:	5,800	-
During the period, a sponsorship was made to Mallacoota Arts Council Inc of which a director is a secretary. The total benefit received was:	10,000	-

Note 26. Remuneration of auditors

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

	2024 \$	2023 \$
<i>Audit services</i>		
Audit or review of the financial statements	6,650	5,400
<i>Other services</i>		
Taxation advice and tax compliance services	700	660
General advisory services	3,470	2,623
Share registry services	2,405	1,000
	6,575	4,283
	13,225	9,683

Note 27. Reconciliation of profit after income tax to net cash provided by operating activities

	2024 \$	2023 \$
Profit after income tax expense for the year	125,553	235,275
Adjustments for:		
Depreciation and amortisation	50,638	46,491
Lease liabilities interest	9,061	7,914
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	10,453	(27,659)
Decrease in deferred tax assets	39,697	78,425
Increase/(decrease) in trade and other payables	(8,829)	16,189
Increase/(decrease) in employee benefits	4,166	(688)
Increase/(decrease) in other provisions	(4,616)	887
Net cash provided by operating activities	226,123	356,834

Notes to the financial statements (continued)

Note 28. Earnings per share

	2024 \$	2023 \$
Profit after income tax	<u>125,553</u>	<u>235,275</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>821,309</u>	<u>821,309</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>821,309</u>	<u>821,309</u>
	Cents	Cents
Basic earnings per share	15.29	28.65
Diluted earnings per share	15.29	28.65

Accounting policy for earnings per share

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

Note 29. Commitments

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

Note 30. Contingencies

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

Note 31. Events after the reporting period

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.

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



Andrew John Roberts
Chair

25 September 2024

Independent audit report



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

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mallacoota 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 Mallacoota 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.



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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.

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 25 September 2024

A handwritten signature in black ink, appearing to read 'Joshua Griffin'.

Joshua Griffin
Lead Auditor

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