

Annual Report 2025

Mallacoota Community
Enterprises Limited

Community Bank
Mallacoota

ABN 56 132 586 988

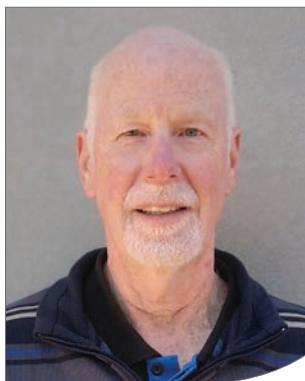


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Chairman's report

For year ending 30 June 2025



The Year That Was

It is pleasing to report another successful year for Mallacoota Community Enterprises Limited (MCEL).

On the staffing front, we farewell Michael Kean after a very successful two-year stint managing the branch related activities so important to the success of MCEL. His interaction with the Board and staff was always professional and informative and he shared a mutual respect with his Bendigo Bank peers throughout the Gippsland region.

Although he will be missed, it is a pleasure to welcome Anne Spackman in her promoted role as branch manager. In the few short months of the 2025-26 financial year, Anne has showed incredible enthusiasm and expertise in her new role.

Finally, we welcome Jayde Everington who has been appointed as a Customer Service Officer in June 2025 to replace the role Anne performed during 2024/25.

Our team of Michael, Rachel Morris, Anne and, latterly, Jayde have again during the 2024-25 Financial year maintained the high customer service standards that Community Bank Mallacoota have been renowned for. On behalf of the MCEL Board, I thank our staff for their efforts and wish them continued success being the face of our organisation.

MCEL's 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 again been successful for the year ended 2024-25 by:

- injecting funds for the benefit of organisations within the Mallacoota community at a high level close to \$40,000.
- 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.



Chairman's report (continued)

From a financial perspective, it is pleasing to report another excellent profit before tax result of \$123,367 for the year ended 30 June 2025 – within \$2,000 of our budgeted \$125,202 profit. This result was achieved despite reducing interest rates and product margins with resulting income levels slightly below budget. This was compensated by the continued and diligent management of expenses. Importantly, this result allowed MCEL to finally reach a long-standing financial goal to eliminate accumulated losses largely incurred in the initial years of MCEL's operation.

As a result, it is pleasing to announce that the MCEL Directors approved the payment of a dividend to shareholders at 6 cents per share on 25 July 2025.

Footings levels remain a continuing concern as this is MCEL's lifeblood and with the recent reduction in interest rates come equivalent reductions in our product margins which acts to squeeze/reduce our income and profitability levels. The MCEL Board together with our staff remain focussed on ways to retain/improve footings levels. In this regard, marketing efforts are strong and focussed on increasing awareness of our products and business model.

From a Board perspective, we have had a busy and successful year. I would like to personally thank Peter Giddings, Sue Nicolaou and Jill Wood-Ingram for their efforts during the year. We also look forward to welcoming Peter Jones, soon to be a Director, to further help share the load on our volunteer Board of Directors. Efforts to attract and appoint new Board members with a good representation of community interests and experience will continue.

Going Forward

Another profitable year in 2025-26 is forecast although not to the same extent as recent years due to reducing product margins and the low, though stable, basis of footings. Challenges facing the company continue to be the generation of sufficient footings growth to combat the tightening product revenue margins and increased expenses in line with inflation.

MCEL looks forward to meeting these challenges and working with shareholders, community representatives, groups and businesses to be a significant contributor to the Mallacoota and District community.



Andrew Roberts
Chairman

Manager's report

For year ending 30 June 2025



Dear Shareholders, Customers and Community Members,

Community Bank Mallaacoota has been serving the local community for more than 16 years. It has been my privilege to join the Community Bank in June 2023 and serve for two years until June 2025.

The Community Bank continues to go through fast-paced change in terms of digital awareness, convenience and safety, the streetscape out the front of the bank, and recent renovations within the bank. Yet, at the same time, our bank continues to offer highly valued customer services in the areas of home loans, personal loans, new

account openings, credit and debit card services, insurance, wealth products, etc.

As part of these changes, we have had a few staff changes and a region change. Community Bank Mallaacoota is now part of the South-East NSW region rather than the East Gippsland Vic region. This change means the Regional Manager can travel to remote Mallaacoota without travelling an extra 265km to get here, as was the case in the past, which in turn means better networking and a tighter connection between managers of the region, which will translate to better service to customers.

In terms of staff changes, I am moving on to full-time retirement while Anne Spackman takes over my role as Branch Manager, Jayde Everington takes up a new role as Customer Service Officer, and Rachel Morris provides the long-term continuity that our customers and shareholders appreciate so much.

The very successful and valued Community Bank model is now more than 27 years old. As social enterprises, we aim to profit for purpose within our respective communities. Several grants have been made by our governing MCEL Board throughout the year. One profit-return project I was particularly pleased to see come to fruition was working with Ambulance Victoria's Mallaacoota Branch in support of Automated External Defibrillator (AED) servicing and maintenance in Mallaacoota, Gypsy Point, Genoa and Cann River. Such projects are only made possible through the support of our old and new customers who understand the value of our local presence and our desire to bring real community benefits to Mallaacoota and surrounding districts.

As I depart, I ask you to join me in congratulating Anne Spackman on becoming the new Branch Manager in Mallaacoota and to continue to spread the word on the valuable role Community Bank Mallaacoota plays in our local district. Please keep in touch via our Facebook page, <https://www.facebook.com/communitybankmallaacoota/>.

I genuinely thank all of our stakeholders and the MCEL Board for their ongoing support during my time as Branch Manager and beyond.

Thank you

A handwritten signature in blue ink, appearing to read 'Michael Kean'.

Michael Kean
Branch Manager



Above: Rachel Morris, Jayde Everington and Anne Spackman

Sponsorship report

For year ending 30 June 2025

At Mallacoota Community Enterprises Limited, operators of the Community Bank Mallacoota, we believe our role goes beyond banking — it's about helping our community grow stronger together. Thanks to another successful year, we've been able to provide vital support to local non-profits, schools, sporting clubs, and community groups. None of this would be possible without the tireless work of our volunteers, whose dedication ensures Mallacoota remains inclusive, vibrant, and full of opportunities for people of all ages.

In partnership with **Ambulance Victoria's Mallacoota** branch, MCEL was proud to strengthen local health and safety by funding replacement pads and batteries for 10 existing units across the community as well as a new AED for Cann River. This initiative helps ensure our community has reliable, life-saving equipment close at hand—an investment in the wellbeing and safety of us all.

Mallacoota led by five local women, **The Wilderness Collective** is driving bold, community-led change in Mallacoota. Their Innovation and Employment Hub empower locals to create, grow and thrive. MCEL was proud to co-sponsor this milestone with an investment in a vital community asset and to support this inspiring vision.



MCEL again continued its support of our local community radio station **3MGB** with sponsorship to help maintain its vital, ongoing 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.





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

MCEL was delighted to help support three talented members of the **Mallacoota Pony Club** who represented our town at the 2025 Petstock State Interschools Victoria at Boneo Park. The girls did exceptionally well—showcasing not just skill and sportsmanship, but the spirit of Mallacoota.

An initiative to strengthen social connection, support events, and ensure visitors and locals alike stay connected Community Bank Mallacoota proudly contributed to the funding of community **Wi-Fi at the Community Clubrooms**.



Our investment reflects our ongoing commitment to improving access, safety, and inclusivity in shared community spaces.

This year MCEL's supported the **Mallacoota Gem Club** with equipment to allow them to continue providing a creative and welcoming space for locals to explore lapidary, jewellery making, and the appreciation of natural materials. The Club fosters skills, friendships, and opportunities for people of all ages to connect through shared interests.

MCEL 2025 Financial Highlights

Community
Sponsorship
\$36,804



Profit before tax
\$123,367



MCEL
contribution to the
Mallacoota and
district economy
since 2009
\$2.96 million

\$56,276
million
Total Footings

Income
2025 Financial
Year
\$494,564



Net Assets **\$738,813**



989 Total Customers



Earnings per
share
11.27 cents



Shareholder Dividend
\$49,279

Bendigo and Adelaide Bank report

For year ending 30 June 2025

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

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

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

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

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

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

Justine Minne

Head of Community Banking, Bendigo Bank

Community Bank National Council report

For year ending 30 June 2025



COMMUNITY BANK
NATIONAL COUNCIL

A warm welcome to our existing and new shareholders. Thank you for your support and for sharing in our purpose. We're immensely proud of our Community Bank network which was a first mover in Australia in 1998 through our unique social enterprise model.

The principles of the Community Bank model are the same as they were when the first Community Bank opened its doors. The principles are centred on:

- Relationships based on goodwill, trust and respect
- Local ownership, local decision making, local investment
- Decisions which are commercially focussed and community spirited
- Shared effort reward and risk; and
- Decisions which have broad based benefits.

Today the network has grown to 303 Community Bank branches. We represent a diverse cross-section of Australia with more than 214 community enterprises, 70,000+ shareholders, 1,500+ volunteer Directors, 1,700 staff and 998,000 customers.

Our Community Bank National Council (CBNC) plays a pivotal role in the success story. The CBNC consists of both elected and appointed members from every state and territory sharing and reflecting the voice of the network. It's the role of the CBNC to initiate, lead and respond to strategic issues and opportunities that enhance the sustainability, resilience and prospects of the Community Bank model.

We utilise a range of forums to ensure the ongoing success of the network. Our State Connect events have been one of many network engagement activities that have enabled Bendigo Bank execs, staff, the CBNC and Directors to come together to share ideas, insights and ensure we are collaborating better together.

As consumer behaviours shift, and the environment in which we operate challenges the status quo, we embrace the opportunities that come with this new reality. We've already completed the mandatory changes to the Franchise Agreement with Bendigo Bank which were required by 1 April 2025.

The mandatory changes of the Franchise Agreement were in response to the Franchise Code of Conduct Review along with requirements from other external statutory and government bodies. This process which was led by Council in partnership with the Bank, was necessary to ensure our long-term sustainability. Council also sought legal advice on behalf of the network to ensure the changes were fair.

We also recognise the time is now to consider our model and how we combine the value of local presence with new digital capabilities that expand rather than diminish our community impact. This work forms part of the Model Evolution process which will be co-designed with Bendigo Bank and implemented over the next 12 months. Building further on our enhanced digital presence, community roots and measurable impact, we've reached another major milestone. We now have 41 Community Bank companies formally certified as social enterprises through Social Traders. It's a powerful endorsement of our commitment to delivering both commercial and social outcomes.

This recognition through Social Traders opens new opportunities for our network. It's paved the way for new partnerships with other enterprises in the sector that share our values and mission to build a better, stronger Australia.

Our increased engagement with the broader social enterprise sector has not only enabled us to diversify our partnerships; we've also deepened our impact. Over \$416 million and counting – that's how much has been reinvested back into local communities.

As we look to the future, we remain committed to the founding principles of the Community Bank model. Community is at the centre of everything we do, and our purpose remains clear: to create meaningful, lasting value for the communities we serve.

Community Bank National Council

Directors' report

30 June 2025

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

Directors

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

Name:	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
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.

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 \$92,525 (30 June 2024: \$125,553).

Operations have continued to perform in line with expectations.

Directors' report (continued)

Dividends

During the financial year, the following dividends were provided for but not paid. The dividends have been provided for in the financial statements.

	2025 \$
Unfranked dividend of 6 cents per share	49,279

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

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

Likely developments and expected results of operations

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

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	11
Jill Wood-Ingram	11	11
Susan Gloury Nicolaou	11	11

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	-	-	-

Shares under option

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

Shares issued on the exercise of options

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2025 and up to the date of this report.

Directors' report (continued)

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 24 to the accounts.

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

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

Auditor's independence declaration

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

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

On behalf of the directors



Andrew John Roberts
Chair

30 September 2025

Auditor's independence declaration



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

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

As lead auditor for the audit of Mallacoota Community Enterprises Limited for the year ended 30 June 2025, I declare that, to the best of my knowledge and belief, there have been:

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 September 2025

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 2025

	Note	2025 \$	2024 \$
Revenue from contracts with customers	6	456,460	525,753
Finance revenue	7	38,104	23,564
Total revenue		<u>494,564</u>	<u>549,317</u>
Employee benefits expense	8	(175,545)	(180,100)
Advertising and marketing costs		(1,515)	(925)
Occupancy and associated costs		(9,608)	(10,053)
System costs		(25,345)	(28,777)
Depreciation and amortisation expense	8	(50,419)	(50,638)
Finance costs		(15,044)	(10,001)
General administration expenses		(56,917)	(55,054)
Total expenses before community contributions and income tax expense		<u>(334,393)</u>	<u>(335,548)</u>
Profit before community contributions and income tax expense		160,171	213,769
Charitable donations and sponsorships expense		<u>(36,804)</u>	<u>(48,518)</u>
Profit before income tax expense		123,367	165,251
Income tax expense	9	<u>(30,842)</u>	<u>(39,698)</u>
Profit after income tax expense for the year		92,525	125,553
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>92,525</u></u>	<u><u>125,553</u></u>
		Cents	Cents
Basic earnings per share	26	11.27	15.29
Diluted earnings per share	26	11.27	15.29

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 2025

	Note	2025 \$	2024 \$
Assets			
Current assets			
Cash and cash equivalents	10	30,779	47,570
Trade and other receivables	11	58,796	56,479
Investments	12	723,132	583,088
Total current assets		<u>812,707</u>	<u>687,137</u>
Non-current assets			
Property, plant and equipment	13	61,825	74,871
Right-of-use assets	14	159,777	178,212
Intangible assets	15	53,362	67,591
Deferred tax assets	9	9,356	13,022
Total non-current assets		<u>284,320</u>	<u>333,696</u>
Total assets		<u>1,097,027</u>	<u>1,020,833</u>
Liabilities			
Current liabilities			
Trade and other payables	16	91,222	32,802
Lease liabilities	17	33,915	33,087
Current tax liabilities	9	4,307	-
Employee benefits	18	27,291	27,581
Total current liabilities		<u>156,735</u>	<u>93,470</u>
Non-current liabilities			
Trade and other payables	16	31,305	46,958
Lease liabilities	17	153,823	170,380
Employee benefits	18	1,011	188
Provision		15,340	14,270
Total non-current liabilities		<u>201,479</u>	<u>231,796</u>
Total liabilities		<u>358,214</u>	<u>325,266</u>
Net assets		<u>738,813</u>	<u>695,567</u>
Equity			
Issued capital	19	802,211	802,211
Accumulated losses		<u>(63,398)</u>	<u>(106,644)</u>
Total equity		<u>738,813</u>	<u>695,567</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 2025

	Issued capital \$	Accumulated losses \$	Total equity \$
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>
 Balance at 1 July 2024	 802,211	 (106,644)	 695,567
Profit after income tax expense	-	92,525	92,525
Other comprehensive income, net of tax	-	-	-
Total comprehensive income	-	92,525	92,525
<i>Transactions with owners in their capacity as owners:</i>			
Dividends provided for or paid	20 -	(49,279)	(49,279)
Balance at 30 June 2025	<u>802,211</u>	<u>(63,398)</u>	<u>738,813</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 2025

	Note	2025 \$	2024 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		506,991	598,028
Payments to suppliers and employees (inclusive of GST)		(342,272)	(387,608)
Interest received		30,045	15,703
Income taxes paid		(22,869)	-
Net cash provided by operating activities	25	<u>171,895</u>	<u>226,123</u>
Cash flows from investing activities			
Investment in term deposits		(140,044)	(165,634)
Payments for property, plant and equipment	13	-	(13,371)
Payments for intangible assets		(14,230)	(14,230)
Net cash used in investing activities		<u>(154,274)</u>	<u>(193,235)</u>
Cash flows from financing activities			
Interest and other finance costs paid		(13,974)	(9,061)
Repayment of lease liabilities		(20,438)	(23,715)
Net cash used in financing activities		<u>(34,412)</u>	<u>(32,776)</u>
Net increase/(decrease) in cash and cash equivalents		(16,791)	112
Cash and cash equivalents at the beginning of the financial year		<u>47,570</u>	<u>47,458</u>
Cash and cash equivalents at the end of the financial year	10	<u><u>30,779</u></u>	<u><u>47,570</u></u>

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

Notes to the financial statements

30 June 2025

Note 1. Reporting entity

The financial statements cover 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 30 September 2025. The directors have the power to amend and reissue the financial statements.

Note 3. Material accounting policy information

The accounting policies that are material to the company are set out either in the respective notes or below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Adoption of new and revised accounting standards

The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The company has assessed and concluded there are no material impacts.

Accounting standards issued but not yet effective

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

Current and non-current classification

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

Investments

Investments include 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.

Notes to the financial statements (continued)

Note 3. Material accounting policy information (continued)

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

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

Impairment of non-financial assets

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

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

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

Note 4. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

Notes to the financial statements (continued)

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

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

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

Impairment of non-financial assets

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

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, incurrence of significant penalties, existence of significant leasehold improvements and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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

Estimates and assumptions

Estimation of useful lives of assets

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

Incremental borrowing rate

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

Notes to the financial statements (continued)

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

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 to be eligible for entitlement in accordance with long service leave legislation.

Note 5. Economic dependency

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

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

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

Note 6. Revenue from contracts with customers

	2025 \$	2024 \$
Margin income	420,843	487,758
Fee income	16,748	20,131
Commission income	18,869	17,864
	<u>456,460</u>	<u>525,753</u>

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

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 income

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

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

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

Commission income

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

Fee income

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

Core banking products

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

Notes to the financial statements (continued)

Note 6. Revenue from contracts with customers (continued)

Ability to change financial return

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

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

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

Note 7. Finance revenue

	2025 \$	2024 \$
Interest income	38,104	23,564

Finance income is recognised when earned using the effective interest rate method.

Note 8. Expenses

Employee benefits expense

	2025 \$	2024 \$
Wages and salaries	149,993	156,069
Superannuation contributions	17,346	16,296
Expenses related to long service leave	1,857	33
Other expenses	6,349	7,702
	<u>175,545</u>	<u>180,100</u>

Depreciation and amortisation expense

	2025 \$	2024 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	12,488	11,428
Plant and equipment	558	1,112
	<u>13,046</u>	<u>12,540</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>23,144</u>	<u>24,653</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,371	2,241
Franchise renewal fee	11,858	11,204
	<u>14,229</u>	<u>13,445</u>
	<u>50,419</u>	<u>50,638</u>

Notes to the financial statements (continued)

Note 9. Income tax

	2025 \$	2024 \$
<i>Income tax expense</i>		
Current tax	27,176	-
Movement in deferred tax	(1,666)	1,156
Under/over adjustment	-	(1,615)
Recoupment of prior year tax losses	5,332	40,157
	<u>30,842</u>	<u>39,698</u>
Aggregate income tax expense		
	<u>30,842</u>	<u>39,698</u>
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	123,367	165,251
Tax at the statutory tax rate of 25%	30,842	41,313
Under/over adjustment	-	(1,615)
Income tax expense	<u>30,842</u>	<u>39,698</u>
	2025 \$	2024 \$
<i>Deferred tax assets/(liabilities)</i>		
Carried-forward tax losses	-	5,332
Employee benefits	7,076	6,942
Provision for lease make good	3,835	3,567
Accrued expenses	912	1,100
Income accruals	(5,181)	(3,166)
Lease liabilities	46,934	50,867
Right-of-use assets	(39,944)	(44,553)
Property, plant and equipment	(4,276)	(7,067)
	<u>9,356</u>	<u>13,022</u>
Deferred tax asset		
	<u>9,356</u>	<u>13,022</u>
	2025 \$	2024 \$
Provision for income tax	<u>4,307</u>	<u>-</u>

Accounting policy for income tax

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

Accounting policy for current tax

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

Accounting policy for deferred tax

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

Notes to the financial statements (continued)

Note 10. Cash and cash equivalents

	2025 \$	2024 \$
Cash at bank and on hand	<u>30,779</u>	<u>47,570</u>

Note 11. Trade and other receivables

	2025 \$	2024 \$
Trade receivables	<u>33,332</u>	<u>38,217</u>
Accrued income	20,724	12,665
Prepayments	<u>4,740</u>	<u>5,597</u>
	<u>25,464</u>	<u>18,262</u>
	<u>58,796</u>	<u>56,479</u>

Accounting policy for trade and other receivables

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

Note 12. Investments

	2025 \$	2024 \$
<i>Current assets</i>		
Term deposits	<u>723,132</u>	<u>583,088</u>

Note 13. Property, plant and equipment

	2025 \$	2024 \$
Leasehold improvements - at cost	209,684	209,684
Less: Accumulated depreciation	<u>(154,009)</u>	<u>(141,521)</u>
	<u>55,675</u>	<u>68,163</u>
Plant and equipment - at cost	49,043	49,043
Less: Accumulated depreciation	<u>(42,893)</u>	<u>(42,335)</u>
	<u>6,150</u>	<u>6,708</u>
	<u>61,825</u>	<u>74,871</u>

Notes to the financial statements (continued)

Note 13. Property, plant and equipment (continued)

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

	Leasehold improvements \$	Plant and equipment \$	Total \$
Balance at 1 July 2023	66,220	7,820	74,040
Additions	13,371	-	13,371
Depreciation	(11,428)	(1,112)	(12,540)
Balance at 30 June 2024	68,163	6,708	74,871
Depreciation	(12,488)	(558)	(13,046)
Balance at 30 June 2025	55,675	6,150	61,825

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 14. Right-of-use assets

	2025 \$	2024 \$
Land and buildings - right-of-use	296,006	291,297
Less: Accumulated depreciation	(136,229)	(113,085)
	159,777	178,212

Notes to the financial statements (continued)

Note 14. Right-of-use assets (continued)

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

	Land and buildings \$
Balance at 1 July 2023	143,124
Remeasurement adjustments	59,741
Depreciation expense	<u>(24,653)</u>
Balance at 30 June 2024	178,212
Remeasurement adjustments	4,709
Depreciation expense	<u>(23,144)</u>
Balance at 30 June 2025	<u><u>159,777</u></u>

Accounting policy for right-of-use assets

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

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

Refer to note 17 for more information on lease arrangements.

Note 15. Intangible assets

	2025 \$	2024 \$
Franchise fee	44,298	44,298
Less: Accumulated amortisation	<u>(35,404)</u>	<u>(33,033)</u>
	<u>8,894</u>	<u>11,265</u>
Franchise renewal fee	171,482	171,482
Less: Accumulated amortisation	<u>(127,014)</u>	<u>(115,156)</u>
	<u>44,468</u>	<u>56,326</u>
	<u><u>53,362</u></u>	<u><u>67,591</u></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 2023	1,648	8,240	9,888
Additions	11,858	59,290	71,148
Amortisation expense	<u>(2,241)</u>	<u>(11,204)</u>	<u>(13,445)</u>
Balance at 30 June 2024	11,265	56,326	67,591
Amortisation expense	<u>(2,371)</u>	<u>(11,858)</u>	<u>(14,229)</u>
Balance at 30 June 2025	<u><u>8,894</u></u>	<u><u>44,468</u></u>	<u><u>53,362</u></u>

Notes to the financial statements (continued)

Note 15. 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:

Asset class	Method	Useful life	Expiry/renewal date
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.

Note 16. Trade and other payables

	2025 \$	2024 \$
<i>Current liabilities</i>		
Trade payables	-	1,993
Other payables and accruals	91,222	30,809
	<u>91,222</u>	<u>32,802</u>
<i>Non-current liabilities</i>		
Other payables and accruals	31,305	46,958
	<u>31,305</u>	<u>46,958</u>
	2025 \$	2024 \$
Financial liabilities at amortised cost classified as trade and other payables		
Total trade and other payables	122,527	79,760
less other payables and accruals (net GST payable to the ATO)	(7,329)	(307)
	<u>115,198</u>	<u>79,453</u>

Note 17. Lease liabilities

	2025 \$	2024 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	33,915	33,087
	<u>33,915</u>	<u>33,087</u>
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	153,823	170,380
	<u>153,823</u>	<u>170,380</u>

Notes to the financial statements (continued)

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2025 \$	2024 \$
Opening balance	203,467	162,072
Remeasurement adjustments	4,709	65,110
Lease interest expense	13,974	9,061
Lease payments - total cash outflow	(34,412)	(32,776)
	<u>187,738</u>	<u>203,467</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 18. Employee benefits

	2025 \$	2024 \$
<i>Current liabilities</i>		
Annual leave	18,763	20,087
Long service leave	8,528	7,494
	<u>27,291</u>	<u>27,581</u>
<i>Non-current liabilities</i>		
Long service leave	<u>1,011</u>	<u>188</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 19. Issued capital

	2025 Shares	2024 Shares	2025 \$	2024 \$
Ordinary shares - fully paid	821,309	821,309	821,309	821,309
Less: Equity raising costs	-	-	(19,098)	(19,098)
	<u>821,309</u>	<u>821,309</u>	<u>802,211</u>	<u>802,211</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- 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 276 shareholders (2024: 297 shareholders).

Notes to the financial statements (continued)

Note 19. Issued capital (continued)

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 20. Dividends

Dividends provided for during the period

The following dividends were provided for during the reporting period as presented in the Statement of changes in equity.

	2025 \$	2024 \$
Unfranked dividend of 6 cents per share (2024: nil cents)	49,279	-

Note 21. 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 A- on Standard & Poor's credit ratings.
- The company has no direct exposure to movements in commodity prices.
- The company's interest-bearing instruments are held at amortised cost which have fair values that approximate their carrying value since all cash and payables have maturity dates within 12 months.
- The company has no borrowings.

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

Notes to the financial statements (continued)

Note 21. Financial risk management (continued)

	2025 \$	2024 \$
Financial assets		
Trade and other receivables (note 11)	54,056	50,882
Cash and cash equivalents (note 10)	30,779	47,570
Investments (note 12)	723,132	583,088
	<u>807,967</u>	<u>681,540</u>
Financial liabilities at amortised cost		
Trade and other payables (note 16)	115,198	79,453
Lease liabilities (note 17)	187,738	203,467
	<u>302,936</u>	<u>282,920</u>

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

Accounting policy for financial instruments

Financial assets

Classification

The company classifies its financial assets at amortised cost.

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

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 \$30,779 and investments of \$723,132 at 30 June 2025 (2024: \$47,570 and \$583,088).

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.

Notes to the financial statements (continued)

Note 21. Financial risk management (continued)

Liquidity risk

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

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	83,893	31,305	-	115,198
Lease liabilities	35,055	140,220	61,346	236,621
Total non-derivatives	118,948	171,525	61,346	351,819
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2024				
Trade and other payables	32,495	46,958	-	79,453
Lease liabilities	34,200	136,800	94,050	265,050
Total non-derivatives	66,695	183,758	94,050	344,503

Note 22. Key management personnel disclosures

The following persons were directors of Mallaoota 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

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 23. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 22.

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 23. Related party transactions (continued)

Transactions with related parties

The following transactions occurred with related parties:

	2025 \$	2024 \$
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
During the period, a sponsorship was made to Mallacoota & District Recovery Association of which a director is a committee member. The total benefit received was:	3,000	-

Note 24. Remuneration of auditors

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

	2025 \$	2024 \$
<i>Audit services</i>		
Audit or review of the financial statements	7,930	6,650
<i>Other services</i>		
Taxation advice and tax compliance services	265	700
General advisory services	4,080	3,470
Share registry services	5,244	2,405
	9,589	6,575
	17,519	13,225

Note 25. Reconciliation of profit after income tax to net cash provided by operating activities

	2025 \$	2024 \$
Profit after income tax expense for the year	92,525	125,553
Adjustments for:		
Depreciation and amortisation	50,419	50,638
Lease liabilities interest	13,974	9,061
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(2,317)	10,453
Decrease in deferred tax assets	3,666	39,697
Increase/(decrease) in trade and other payables	7,718	(8,829)
Increase in provision for income tax	4,307	-
Increase in employee benefits	533	4,166
Increase/(decrease) in other provisions	1,070	(4,616)
Net cash provided by operating activities	171,895	226,123

Notes to the financial statements (continued)

Note 26. Earnings per share

	2025 \$	2024 \$
Profit after income tax	92,525	125,553
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	821,309	821,309
Weighted average number of ordinary shares used in calculating diluted earnings per share	821,309	821,309
	Cents	Cents
Basic earnings per share	11.27	15.29
Diluted earnings per share	11.27	15.29

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 27. Commitments

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

Note 28. Contingencies

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

Note 29. Events after the reporting period

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

Directors' declaration

30 June 2025

In the directors' opinion:

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

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

On behalf of the directors



Andrew John Roberts
Chair

30 September 2025

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

Our opinion

In our opinion, the accompanying financial report of Mallacoota Community Enterprises Limited (the company), is in accordance with the *Corporations Act 2001*, including:

- i. giving a true and fair view of the company's financial position as at 30 June 2025 and of its financial performance for the year ended on that date; and
- ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

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

- Statement of financial position as at 30 June 2025
- Statement of profit or loss and other comprehensive income
- Statement of changes in equity
- Statement of cash flows
- Notes to the financial statements, including material accounting policies, and the
- Directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2025 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Andrew Frewin Stewart
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Independence

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

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

Andrew Frewin Stewart
61 Bull Street, Bendigo, Vic, 3550
Dated: 30 September 2025

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

Joshua Griffin
Lead Auditor

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 /communitybankmallacoota

