

Annual Report 2026

Mission Beach Community
Enterprises Limited

Community Bank
Mission Beach

ABN 15 129 575 560



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Chair's report

For year ending 30 June 2026

It is my pleasure to present the Chairperson's Report for Mission Beach Community Enterprises Limited for the year ended 30 June 2026.

The 2025/26 financial year has been one of strong improvement and positive momentum for our Company. I am pleased to report that Mission Beach Community Enterprises Limited delivered a net profit after tax of \$124,141, a significant increase from \$35,974 in the previous year. This result reflects the strength of our Community Bank model, disciplined financial management, and the ongoing support of our customers, shareholders and the broader Mission Beach community.

Revenue increased to \$719,139, up from \$663,084 in the prior year, while expenses were carefully managed throughout the year. Our financial position remains sound, with total assets increasing to \$685,297 and cash and term deposits totalling more than \$458,000 at year end. Company equity also strengthened significantly, increasing to \$518,446.

Importantly, our improved financial performance has enabled us to continue delivering value to shareholders and the community. During the year, the Company paid an unfranked dividend of 3.5 cents per share, reflecting the Board's commitment to rewarding shareholder support while maintaining a sustainable capital position.

Community investment remains at the heart of our purpose. Throughout the year, the Company continued its support of local organisations, events and initiatives through donations and sponsorships totalling \$14,264. These contributions help strengthen community connections and support projects that make our region an even better place to live, work and raise a family.

This year also saw changes within the Board. I would like to acknowledge the contributions of Andrew Cripps, Kerry Nolan, and Julia Zivanovic, who each concluded their service during the period. On behalf of the Board and shareholders, I thank them for their commitment and valuable contributions to the Company and our community. I also welcome Margaret Mercer to the Board and look forward to the experience and insight she will bring in her role as Company Secretary.

I would also like to thank fellow Director Shanna Hunter for her professionalism, expertise and commitment throughout the year. Together, the Board maintained strong governance practices and remained focused on ensuring the long-term sustainability of the Company.

As shareholders may be aware, the Board has commenced preliminary discussions with potential parties regarding the future of the Company's revenue rights under its franchise agreement. The Board's priority is to maximise value for shareholders and stakeholders while ensuring that any decision aligns with the long-term interests of the community we serve. Shareholders will be kept informed should any material developments arise.

Looking ahead, we remain focused on maintaining strong financial performance, supporting our customers and community, and carefully considering opportunities that create value for shareholders. While the operating environment continues to evolve, the Company is in a strong position and well placed to face future challenges and opportunities.

On behalf of the Board, I would like to sincerely thank our shareholders for their ongoing support and confidence, our customers for choosing to bank with Community Bank Mission Beach, and our staff and Bendigo Bank partners for their dedication and commitment throughout the year.

Kelly Cavallaro
Chair

Bendigo and Adelaide Bank report

For year ending 30 June 2026

This year marked the first chapter of delivering on Bendigo Bank's 2030 Strategy.

Our purpose remains central to who we are – to feed into the prosperity of our customers and community – and our strategy brings a new focus on areas including innovation, digital ease and setting the benchmark for trust and societal impact.

We are making strong progress with new digital features to enhance the customer experience. Notably, Community Link is allowing customers to join us through e-banking while retaining a connection to their local branch.

In FY26, more than \$51.7 million was invested back into local communities, adding to a total of \$467 million since 1998. Our Scholarship Program remains one of the largest of its kind in Australia, with an incredible 70 Community Banks participating in 2026, and more than \$1.6m in scholarships awarded.

Our model evolution project is now helping to inform a holistic strategic review of the Community Bank model. The review is considering a broad range of factors to strengthen the model for the future, including growth, community impact, revenue share and non-financial risk. As an organisation, we remain committed to the Community Bank model and the important role it plays in achieving our 2030 Strategy.

Bendigo Bank has been supporting customers and communities across Australia for more than 160 years and for the past 27 years, the Community Bank model has been a driving force for positive impact.

On behalf of Bendigo Bank, thank you for being a shareholder in your local Community Bank. Your belief and support of our purpose have been instrumental in our success. I look forward to seeing us grow together and continue supporting our communities to prosper.

Warmest regards,

Justine Minne
Head of Community Banking, Bendigo Bank

Directors' report

30 June 2026

The directors present their report, together with the financial statements, on the company for the year ended 30 June 2026.

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:	Kelly Cavallaro
Title:	Non-executive director
Experience and expertise:	Kelly is an Accountant and Director of KLP Taxation Pty Ltd. Her qualifications include FIPA, MBA, B.Bus(Acc). Kelly is a Fellow of the Institute of Public Accountants with over 20 years experience in both public practice and corporate accounting roles. Originally growing up in Stawell in country Victoria, Kelly relocated to the Sunshine Coast where she began her career in an accounting practice. She studied her Bachelor's Degree externally through the University of Southern Queensland. During her career Kelly spent some time in Mount Isa where she met her husband, and then relocated to Mission Beach to start a family and her own practice KLP Taxation. Kelly has successfully ran her own practice for the past 18 years and is well known in the Mission Beach area. She is actively involved in many community groups. Kelly brings a wealth of knowledge to the Board in the field of Accounting and Finance and enjoys the challenges and rewards time with the Board brings.
Special responsibilities:	Chair from 25 March 2025 and Company Secretary until 1 October 2025
Name:	Shanna Jade Hunter
Title:	Non-executive director
Experience and expertise:	Shanna is a qualified accountant and Director of Hunter Taxation Services Pty Ltd. Her qualifications include FCPA, B.Com(Acc), ADFS(FP), FGIA, and GAICD. Shanna brings over 25 years of experience in public practice accounting, specialising in taxation, financial reporting, business advisory, and governance. She is actively involved in CPA Australia, currently serving on national, state, and regional committees, and facilitates CPA Public Practice Program Workshops and CPA best practice assessments. Shanna also serves on the RSPCA Queensland Finance & Risk Committee and is a strong advocate for regional communities, regularly volunteering with local junior sporting clubs.
Special responsibilities:	Treasurer from 19 September 2025
Name:	Margaret Elizabeth Mercer
Title:	Non-executive director (<i>appointed 14 July 2026</i>)
Experience and expertise:	Margaret is a Mission Beach local and works in a local accounting practice. Prior to being elected as a director she provided board support to the board on an ongoing basis. She is looking forward to making a positive contribution to both Mission Beach Community Enterprises Ltd and the local community.
Special responsibilities:	Company Secretary from 1 October 2025
Name:	Julia Zivanovic
Title:	Non-executive director (<i>resigned 30 June 2026</i>)
Experience and expertise:	Julia is a business founder and has been a senior executive with extensive board level experience and expertise. She has working in or with organisations in the sectors of local government, mining, retail, agribusiness, tourism, destination marketing, education, banking, state government and community engagement. Her previous board experience has been across the roles of Director, Company Secretary and Chairperson in both public companies (company limited by shares) and not for profits (companies limited by guarantee). Her strongest skills are in governance, strategy development, business improvement, & marketing and communications. She is a NED and Chair of the HYPAR Group of Companies, a for purpose organisation working with disadvantaged youth. Julia holds an advanced MBA, is currently studying for her Masters in Business Law and is a Graduate of the AICD Company Directors Course (GAICD). She is an Associate of the Governance Institute of Australia (AGIA). She holds a Certificate of Engagement (community and stakeholders) from IAP2.
Special responsibilities:	Deputy Chair, Company Secretary until 1 October 2025 and Marketing Portfolio

Directors' report (continued)

Name: Andrew Peter Cripps
Title: Non-executive director (*resigned 26 August 2025*)
Experience and expertise: Former State MP (Hinchinbrook) and Queensland Government Minister (Natural Resources and Mines). Former Councillor and Deputy Mayor (Hinchinbrook Shire Council). Director - Front Row Advisory Services Pty Ltd (Consultant and Contractor). B Econ/BA (Hons), JP (Qual), GAICD.
Special responsibilities: Chair until 25 March 2025

Name: Kerry Allan Nolan
Title: Non-executive director (*resigned 19 September 2025*)
Experience and expertise: CPA qualified accountant with 10 years of work experience from small business up to large corporate. Living at Mission Beach for the last 9 years and looking to contribute to the fantastic community I have called home. Presently employed in the local area in the role of accountant for a large company.
Special responsibilities: Treasurer

Company secretary

There have been three company secretaries holding the position during the financial year:

- Margaret Elizabeth Mercer was appointed company secretary on 1 October 2025.
- Kelly Cavallaro and Julia Zivanovic were appointed co-company secretary on 21 January 2025 and ceased 1 October 2025.

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 \$124,141 (30 June 2025: \$35,974).

Operations have continued to perform in line with expectations.

Dividends

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

	2026 \$	2025 \$
Unfranked dividend of 3.5 cents per share (2025: 3 cents)	30,625	26,250

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

On 18 August 2026, APRA imposed licence conditions on Bendigo Bank relating to its non-financial risk management framework. Bendigo Bank subsequently announced a multi-year rectification program in response to those conditions.

Whilst neither APRA's announcement nor Bendigo Bank's public announcement specifically refer to Community Bank companies, the directors acknowledge that remediation and review activities may extend across BEN's broader branch network, which may include Community Bank branches. At the date of this report, the outcome of those activities, and any resulting impacts on the company, if any, are not known and cannot presently be determined.

No other matter or circumstance has arisen since 30 June 2026 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' report (continued)

Likely developments and expected results of operations

During the year, the Company entered into an agreement with Bendigo and Adelaide Bank Ltd for the proposed sale of the Company's revenue rights under its franchise agreement. Subject to completion of the transaction, it is the Board's intention to subsequently wind up the Company and distribute the net proceeds to shareholders. The Board considers the proposed transaction to be in the best interests of shareholders, having regard to the strategic challenges facing the Company and the value available to shareholders under the proposal.

Completion of the transaction is subject to a number of conditions precedent, including approval by shareholders at a general meeting. Accordingly, the outcome of the proposed transaction remains uncertain at the date of this report. Should shareholder approval not be obtained, the Company intends to continue operating under its existing Community Bank model while pursuing alternative strategic options, including a potential future sale of its revenue rights. No alternative purchaser has been identified at the date of this report.

The Company's franchise agreement remains in place until 31 July 2028 and the Board has considered budgets and forecasts which indicate that the Company is expected to continue meeting its obligations as they fall due. The Company also maintains a strong financial position and, if the proposed transaction does not proceed, expects to continue operating while assessing alternative options available to maximise value for shareholders.

The Board will continue to keep shareholders informed of any material developments regarding the proposed transaction and any other strategic initiatives as they arise.

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
Kelly Cavallaro	11	11
Shanna Jade Hunter	11	11
Julia Zivanovic	10	9
Kerry Allan Nolan	2	2
Andrew Peter Cripps	2	2
Margaret Elizabeth Mercer	-	-

Directors' benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 23 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Directors' interests

The interest in company shareholdings for each director are:

	Balance at the start of the year	Changes	Balance at the end of the year
Andrew Peter Cripps	1,000	-	1,000
Shanna Jade Hunter	-	-	-
Kerry Allan Nolan	-	-	-
Kelly Cavallaro	-	-	-
Julia Zivanovic	-	-	-
Margaret Elizabeth Mercer	-	-	-

Directors' report (continued)

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 2026 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 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



Kelly Cavallaro
Chair

29 September 2026

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

Auditor's independence declaration under section 307C of the *Corporations Act 2001* to the members of Mission Beach Community Enterprises Limited

As lead auditor for the audit of Mission Beach Community Enterprises Limited for the year ended 30 June 2026, 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: 29 September 2026

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

Financial statements

Mission Beach Community Enterprises Limited Statement of profit or loss and other comprehensive income For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Revenue from contracts with customers	7	703,567	657,974
Other revenue		6,818	-
Finance revenue		8,754	5,110
Total revenue		<u>719,139</u>	<u>663,084</u>
Employee benefits expense	8	(276,987)	(363,640)
Advertising and marketing costs		(28,959)	(8,057)
Occupancy and associated costs		(28,222)	(28,081)
System costs		(14,062)	(20,700)
Depreciation and amortisation expense	8	(70,813)	(70,791)
Finance costs		(9,947)	(12,723)
General administration expenses		(110,363)	(98,313)
Total expenses before community contributions and income tax expense		<u>(539,353)</u>	<u>(602,305)</u>
Profit before community contributions and income tax expense		179,786	60,779
Charitable donations and sponsorships expense		<u>(14,264)</u>	<u>(12,682)</u>
Profit before income tax expense		165,522	48,097
Income tax expense	9	<u>(41,381)</u>	<u>(12,123)</u>
Profit after income tax expense for the year		124,141	35,974
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>124,141</u></u>	<u><u>35,974</u></u>
		Cents	Cents
Basic earnings per share	26	14.19	4.11
Diluted earnings per share	26	14.19	4.11

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

Financial statements (continued)

Mission Beach Community Enterprises Limited Statement of financial position As at 30 June 2026

	Note	2026 \$	2025 \$
Assets			
Current assets			
Cash and cash equivalents	10	238,197	115,930
Trade and other receivables	11	49,651	25,642
Investments	12	220,305	211,857
Total current assets		<u>508,153</u>	<u>353,429</u>
Non-current assets			
Property, plant and equipment	13	34,151	48,695
Right-of-use assets	14	89,867	132,848
Intangible assets	15	30,741	43,964
Deferred tax assets	9	22,385	63,766
Total non-current assets		<u>177,144</u>	<u>289,273</u>
Total assets		<u>685,297</u>	<u>642,702</u>
Liabilities			
Current liabilities			
Trade and other payables	16	31,053	25,040
Lease liabilities	17	52,222	49,735
Total current liabilities		<u>83,275</u>	<u>74,775</u>
Non-current liabilities			
Trade and other payables	16	15,490	30,979
Lease liabilities	17	55,160	99,983
Provisions		12,926	12,035
Total non-current liabilities		<u>83,576</u>	<u>142,997</u>
Total liabilities		<u>166,851</u>	<u>217,772</u>
Net assets		<u>518,446</u>	<u>424,930</u>
Equity			
Issued capital	18	856,704	856,704
Accumulated losses		<u>(338,258)</u>	<u>(431,774)</u>
Total equity		<u>518,446</u>	<u>424,930</u>

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

Financial statements (continued)

Mission Beach Community Enterprises Limited Statement of changes in equity For the year ended 30 June 2026

	Note	Issued capital \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2024		856,704	(441,498)	415,206
Profit after income tax expense		-	35,974	35,974
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	35,974	35,974
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	20	-	(26,250)	(26,250)
Balance at 30 June 2025		<u>856,704</u>	<u>(431,774)</u>	<u>424,930</u>
Balance at 1 July 2025		856,704	(431,774)	424,930
Profit after income tax expense		-	124,141	124,141
Other comprehensive income, net of tax		-	-	-
Total comprehensive income		-	124,141	124,141
<i>Transactions with owners in their capacity as owners:</i>				
Dividends provided for or paid	20	-	(30,625)	(30,625)
Balance at 30 June 2026		<u>856,704</u>	<u>(338,258)</u>	<u>518,446</u>

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

Financial statements (continued)

Mission Beach Community Enterprises Limited Statement of cash flows For the year ended 30 June 2026

	Note	2026 \$	2025 \$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		750,777	730,745
Payments to suppliers and employees (inclusive of GST)		(539,522)	(605,700)
Interest received		8,754	4,391
Net cash provided by operating activities	25	220,009	129,436
Cash flows from investing activities			
Investment in term deposits		(8,448)	(200,537)
Payments for intangible assets		(14,030)	(14,030)
Proceeds from disposal of property, plant and equipment		6,818	-
Net cash used in investing activities		(15,660)	(214,567)
Cash flows from financing activities			
Interest and other finance costs paid		(9,056)	(11,894)
Dividends paid	20	(30,625)	(26,250)
Repayment of lease liabilities		(42,401)	(37,051)
Net cash used in financing activities		(82,082)	(75,195)
Net increase/(decrease) in cash and cash equivalents		122,267	(160,326)
Cash and cash equivalents at the beginning of the financial year		115,930	276,256
Cash and cash equivalents at the end of the financial year	10	238,197	115,930

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

Notes to the financial statements

30 June 2026

Note 1. Reporting entity

The financial statements cover Mission Beach 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:

Registered office

52 Holland Street, Wongaling Beach QLD 4852

Principal place of business

Shop 5, 34-40 Dickinsons Street, Wongaling Beach QLD 4852

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 29 September 2026. The directors have the power to amend and reissue the financial statements.

Note 3. Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

During the year, the Company entered into an agreement with Bendigo and Adelaide Bank Ltd for the proposed sale of the Company's rights under its franchise agreement. The proposed transaction is intended to facilitate the subsequent winding up of the Company and distribution of surplus funds to shareholders. Completion of the transaction is subject to a number of conditions precedent, including approval by shareholders at a general meeting. Accordingly, at the date of signing these financial statements, the outcome of the proposed transaction remains uncertain.

The directors have considered the Company's ability to continue as a going concern in the event that shareholder approval is not obtained. The Company retains a franchise agreement with Bendigo and Adelaide Bank Ltd through to 31 July 2028 and has prepared forecasts demonstrating its ability to continue operating under the existing Community Bank model. While the directors intend to continue pursuing strategic alternatives, including a potential future sale of the Company's revenue rights, no alternative purchaser has been identified at the date of signing these financial statements.

The directors have also considered the Company's strong financial position, including its available cash resources and ability to meet liabilities as and when they fall due. Based on this assessment, the directors have concluded that the use of the going concern basis of accounting remains appropriate.

However, a material uncertainty exists in relation to the outcome of the proposed transaction and the Company's future strategic direction. Should the transaction not proceed, there is uncertainty regarding the timing and outcome of any alternative strategic options that may be pursued by the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Nevertheless, the directors believe that the Company will continue to operate and meet its obligations as and when they fall due for at least 12 months from the date of approval of these financial statements and, accordingly, the financial statements have been prepared on a going concern basis.

Notes to the financial statements (continued)

Note 4. 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 recently 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 2026. The company's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the company, are set out below.

AASB 18 Presentation and Disclosure in Financial Statements

AASB 18 (effective for annual reporting periods beginning on or after 1 January 2027) will replace AASB 101 *Presentation of Financial Statements*. Early adoption is permitted.

The new standard does not change how amounts are recognised or measured. However, it will change how information is presented and disclosed in the financial statements. This includes a revised structure for the statement of profit or loss and other comprehensive income, new subtotals, and additional disclosures for certain performance measures.

The company intends to adopt the standard from 1 July 2027. The impact is expected to be limited to changes in presentation and disclosure.

Current and non-current classification

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

Investments and other financial assets

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 measured at amortised cost. 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.

Impairment of non-financial assets

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

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

Notes to the financial statements (continued)

Note 4. Material accounting policy information (continued)

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

Note 5. Critical accounting judgements, estimates and assumptions

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

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

Judgements

Timing of revenue recognition associated with trail commission

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

Allowance for expected credit losses on trade and other receivables

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

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

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

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.

Notes to the financial statements (continued)

Note 5. Critical accounting judgements, estimates and assumptions (continued)

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.

Note 6. 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 expiry date of the current franchise agreement is July 2028.

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 6. 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 7. Revenue from contracts with customers

	2026 \$	2025 \$
Margin income	601,883	553,496
Fee income	44,565	45,970
Commission income	57,119	58,508
	<u>703,567</u>	<u>657,974</u>

Accounting policy for revenue from contracts with customers

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

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

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

<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.

Notes to the financial statements (continued)

Note 7. Revenue from contracts with customers (continued)

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 5 for further information regarding key judgements applied by the directors in relation to the timing of revenue recognition from trail commission.

Fee income

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

Core banking products

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

Ability to change financial return

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

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

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

Note 8. Expenses

Depreciation and amortisation expense

	2026 \$	2025 \$
<i>Depreciation of non-current assets</i>		
Leasehold improvements	9,284	9,284
Plant and equipment	5,260	5,261
	<u>14,544</u>	<u>14,545</u>
<i>Depreciation of right-of-use assets</i>		
Leased land and buildings	<u>43,046</u>	<u>43,025</u>
<i>Amortisation of intangible assets</i>		
Franchise fee	2,204	2,203
Franchise renewal fee	11,019	11,018
	<u>13,223</u>	<u>13,221</u>
	<u>70,813</u>	<u>70,791</u>

Notes to the financial statements (continued)

Note 8. Expenses (continued)

Employee benefits expense

	2026 \$	2025 \$
Wages and salaries	224,293	288,104
Non-cash benefits	-	3,424
Superannuation contributions	25,342	34,561
Expenses related to long service leave	1,388	4,645
Other expenses	25,964	32,906
	<u>276,987</u>	<u>363,640</u>

Accounting policy for employee benefits

The company seconded employees from Bendigo and Adelaide Bank Limited. The total cost of these employees, including an allowance for accrued annual and long service leave, is charged to the company by Bendigo and Adelaide Bank Limited by offsetting against the monthly profit share arrangement. The company recognises these costs as an expense on a monthly basis.

Note 9. Income tax

	2026 \$	2025 \$
<i>Income tax expense</i>		
Movement in deferred tax	(452)	(2,212)
Recoupment of prior year tax losses	41,833	14,335
	<u>41,381</u>	<u>12,123</u>
Aggregate income tax expense		
<i>Prima facie income tax reconciliation</i>		
Profit before income tax expense	165,522	48,097
Tax at the statutory tax rate of 25%	41,381	12,024
Tax effect of:		
Non-deductible expenses	-	99
Income tax expense	<u>41,381</u>	<u>12,123</u>
	2026 \$	2025 \$
<i>Deferred tax assets</i>		
Expense accruals	1,289	1,175
Carried forward tax losses	15,176	57,008
Deductible prepayments	(1,509)	(1,464)
Provision for lease make good	3,231	3,009
Income accruals	(180)	(180)
Lease liabilities	26,845	37,430
Right-of-use assets	(22,467)	(33,212)
Deferred tax asset	<u>22,385</u>	<u>63,766</u>

Notes to the financial statements (continued)

Note 9. 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 10. Cash and cash equivalents

	2026 \$	2025 \$
Cash at bank and on hand	238,197	115,930

Note 11. Trade and other receivables

	2026 \$	2025 \$
Trade receivables	42,896	19,067
Accrued income	719	719
Prepayments	6,036	5,856
	6,755	6,575
	49,651	25,642

	2026 \$	2025 \$
<i>Financial assets at amortised cost classified as trade and other receivables</i>		
Total trade and other receivables	49,651	25,642
Less prepayments, included in trade and other receivables	(6,036)	(5,856)
	43,615	19,786

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

	2026 \$	2025 \$
Term deposits	220,305	211,857

Notes to the financial statements (continued)

Note 13. Property, plant and equipment

	2026 \$	2025 \$
Leasehold improvements - at cost	134,577	134,577
Less: Accumulated depreciation	(106,099)	(96,815)
	<u>28,478</u>	<u>37,762</u>
Plant and equipment - at cost	78,265	78,265
Less: Accumulated depreciation	(72,592)	(67,332)
	<u>5,673</u>	<u>10,933</u>
	<u><u>34,151</u></u>	<u><u>48,695</u></u>

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 2024	47,046	16,194	63,240
Depreciation	<u>(9,284)</u>	<u>(5,261)</u>	<u>(14,545)</u>
Balance at 30 June 2025	37,762	10,933	48,695
Depreciation	<u>(9,284)</u>	<u>(5,260)</u>	<u>(14,544)</u>
Balance at 30 June 2026	<u><u>28,478</u></u>	<u><u>5,673</u></u>	<u><u>34,151</u></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	20 years
Plant & equipment	4 - 7 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

	2026 \$	2025 \$
Land and buildings - right-of-use	359,664	359,598
Less: Accumulated depreciation	<u>(269,797)</u>	<u>(226,750)</u>
	<u><u>89,867</u></u>	<u><u>132,848</u></u>

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 2024	175,873
Depreciation expense	(43,025)
Balance at 30 June 2025	132,848
Remeasurement adjustments	65
Depreciation expense	(43,046)
Balance at 30 June 2026	<u>89,867</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

	2026 \$	2025 \$
Franchise fee	22,753	22,753
Less: Accumulated amortisation	(17,629)	(15,425)
	<u>5,124</u>	<u>7,328</u>
Franchise renewal fee	113,766	113,766
Less: Accumulated amortisation	(88,149)	(77,130)
	<u>25,617</u>	<u>36,636</u>
	<u>30,741</u>	<u>43,964</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 2024	9,531	47,654	57,185
Amortisation expense	(2,203)	(11,018)	(13,221)
Balance at 30 June 2025	7,328	36,636	43,964
Amortisation expense	(2,204)	(11,019)	(13,223)
Balance at 30 June 2026	<u>5,124</u>	<u>25,617</u>	<u>30,741</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)	July 2028
Franchise renewal fee	Straight-line	Over the franchise term (5 years)	July 2028

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

Note 16. Trade and other payables

	2026 \$	2025 \$
<i>Current liabilities</i>		
Trade payables	2,420	2,188
Other payables and accruals	28,633	22,852
	<u>31,053</u>	<u>25,040</u>
<i>Non-current liabilities</i>		
Other payables and accruals	15,490	30,979
	<u>46,543</u>	<u>56,019</u>
	2026 \$	2025 \$
<i>Financial liabilities at amortised cost classified as trade and other payables</i>		
Total trade and other payables	46,543	56,019
Less statutory payables, included in trade and other payables	(7,994)	(2,662)
	<u>38,549</u>	<u>53,357</u>

Note 17. Lease liabilities

	2026 \$	2025 \$
<i>Current liabilities</i>		
Land and buildings lease liabilities	52,222	49,735
<i>Non-current liabilities</i>		
Land and buildings lease liabilities	55,160	99,983
	<u>107,382</u>	<u>149,718</u>

Notes to the financial statements (continued)

Note 17. Lease liabilities (continued)

Reconciliation of lease liabilities

	2026 \$	2025 \$
Opening balance	149,718	186,769
Remeasurement adjustments	65	-
Lease interest expense	9,056	11,894
Lease payments - total cash outflow	(51,457)	(48,945)
	<u>107,382</u>	<u>149,718</u>

Lease	Discount rate	Non-cancellable term	Lease term end date used in calculations
Mission Beach Branch	7.40%	5 years	July 2028

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.

Note 18. Issued capital

	2026 Shares	2025 Shares	2026 \$	2025 \$
Ordinary shares - fully paid	875,000	875,000	875,000	875,000
Less: Equity raising costs	-	-	(18,296)	(18,296)
	<u>875,000</u>	<u>875,000</u>	<u>856,704</u>	<u>856,704</u>

Accounting policy for issued capital

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

Rights attached to issued capital

Ordinary shares

Voting rights

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

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

Notes to the financial statements (continued)

Note 18. Issued capital (continued)

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

Dividends

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

Transfer

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

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

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").

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 19. Capital management

The board's policy is to maintain a strong capital base so as to sustain future development of the company. The board monitor the return on capital and the level of distributions to shareholders. Capital is represented by total equity as recorded in the statement of financial position.

In accordance with the franchise agreement, in any 12 month period the funds distributed to shareholders shall not exceed the distribution limit.

Notes to the financial statements (continued)

Note 19. Capital management (continued)

The distribution limit is the greater of:

- 20% of the profit or funds of the company otherwise available for distribution to shareholders in that 12 month period; and
- subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the company over that 12 month period where the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the financial year can be seen in the statement of profit or loss and other comprehensive income.

There were no changes in the company's approach to capital management during the year.

Note 20. Dividends

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

	2026 \$	2025 \$
Unfranked dividend of 3.5 cents per share (2025: 3 cents)	<u>30,625</u>	<u>26,250</u>

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)

	2026 \$	2025 \$
Financial assets at amortised cost		
Cash and cash equivalents (note 10)	238,197	115,930
Trade and other receivables excluding prepayments (note 11)	43,615	19,786
Investments (note 12)	220,305	211,857
	<u>502,117</u>	<u>347,573</u>
Financial liabilities at amortised cost		
Trade and other payables (note 16)	38,549	53,357
Lease liabilities (note 17)	107,382	149,718
	<u>145,931</u>	<u>203,075</u>

Accounting policy for financial instruments

Financial assets

Classification

The company measures its financial assets at amortised cost.

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 measures its financial liabilities at amortised cost.

The company's financial liabilities measured at amortised costs comprise trade and other payables and lease liabilities.

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. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company held cash and cash equivalents of \$238,197 and term deposits of \$220,305 at 30 June 2026 (2025: \$115,930 and \$211,857).

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

	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2026				
Trade and other payables	23,059	15,490	-	38,549
Lease liabilities	53,962	61,400	-	115,362
Total non-derivatives	77,021	76,890	-	153,911
	1 year or less \$	Between 1 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
2025				
Trade and other payables	22,378	30,979	-	53,357
Lease liabilities	51,392	115,362	-	166,754
Total non-derivatives	73,770	146,341	-	220,111

Note 22. Key management personnel disclosures

The following persons were directors of Mission Beach Community Enterprises Limited during the financial year and/or up to the date of signing of these financial statements.

Kelly Cavallaro
Shanna Jade Hunter
Andrew Peter Cripps

Kerry Allan Nolan
Julia Zivanovic
Margaret Elizabeth Mercer

Compensation

Key management personnel compensation comprised the following.

	2026 \$	2025 \$
Short-term employee benefits	6,750	-

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

	2026 \$	2025 \$
The company used KLP Taxation, of which Kelly Cavallaro is a Director, for secretarial services during the year. KLP Taxation also provided financial services for a period of the year following the resignation of the bookkeeper.	2,359	9,570
The company used Know L'Edge Solutions, of which Julia Zivanovic is a Director, for development and implementation of marketing, business development, community investment, secretarial services and social media services during the year.	24,970	9,300
Kelly Cavallaro is the treasure of EL Arish which the company provided community funds during the year.	1,000	-
Maggie Mercer provided the company with administrative support during the year.	6,600	-

Note 24. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditors of the company:

	2026 \$	2025 \$
<i>Audit services - AFS</i>		
Audit or review of the financial statements	8,355	7,690
<i>Non audit services - AFS</i>		
Taxation advice and tax compliance services	290	265
General advisory services	3,025	2,990
Share registry services	5,897	5,444
	9,212	8,699
	17,567	16,389

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

	2026 \$	2025 \$
Profit after income tax expense for the year	124,141	35,974
Adjustments for:		
Depreciation and amortisation	70,813	70,791
Net gain on disposal of non-current assets	(6,818)	-
Lease liabilities interest	9,056	11,894
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(24,009)	8,517
Decrease in deferred tax assets	41,381	12,123
Increase/(decrease) in trade and other payables	4,554	(10,692)
Increase in other provisions	891	829
Net cash provided by operating activities	220,009	129,436

Notes to the financial statements (continued)

Note 26. Earnings per share

	2026 \$	2025 \$
Profit after income tax	124,141	35,974
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	875,000	875,000
Weighted average number of ordinary shares used in calculating diluted earnings per share	875,000	875,000
	Cents	Cents
Basic earnings per share	14.19	4.11
Diluted earnings per share	14.19	4.11

Accounting policy for earnings per share

Basic and diluted earnings per share is calculated by dividing the profit attributable to the owners of Mission Beach 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 (2025: Nil).

Note 29. Events after the reporting period

On 18 August 2026, APRA imposed licence conditions on Bendigo Bank relating to its non-financial risk management framework. Bendigo Bank subsequently announced a multi-year rectification program in response to those conditions.

Whilst neither APRA's announcement nor Bendigo Bank's public announcement specifically refer to Community Bank companies, the directors acknowledge that remediation and review activities may extend across BEN's broader branch network, which may include Community Bank branches. At the date of this report, the outcome of those activities, and any resulting impacts on the company, if any, are not known and cannot presently be determined.

No other matter or circumstance has arisen since 30 June 2026 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 2026

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 2026 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



Kelly Cavallaro
Chair

29 September 2026

Independent audit report



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

Independent auditor's report to the members of Mission Beach Community Enterprises Limited Report on the audit of the financial report

Our opinion

In our opinion, the accompanying financial report of Mission Beach 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 2026 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 Mission Beach Community Enterprises Limited, which comprises the:

- Statement of financial position as at 30 June 2026
- 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, and the
- Directors' declaration.

Material uncertainty relating to going concern

We draw attention to Note 3 in the financial report, which describes the Company's proposed sale of its revenue rights to Bendigo and Adelaide Bank Ltd and the intention to subsequently wind up the Company should the transaction proceed. Completion of the proposed transaction is subject to shareholder approval and other conditions precedent. As disclosed in Note 3, should shareholder approval not be obtained, the Company intends to continue operating under its existing Community Bank model while pursuing alternative strategic options. The timing and outcome of these matters remain uncertain.

These events and conditions, as set out in Note 3, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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.



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.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, which we obtained prior to the date of this auditor's report, and the remaining information included in the company's Annual Report for the year ended 30 June 2026, which is expected to be made available to us after the date of this auditor's report. The other information 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 during the audit, or otherwise appears to be materially misstated.

At the date of this auditor's report, we have received and read the Directors' Report and have not identified any material inconsistency between that information and the financial report or our knowledge obtained during the audit.

The remaining other information included in the Annual Report is expected to be made available to us after the date of this auditor's report. When we read that information, if we conclude that there is a material misstatement therein, we are required to take appropriate action in accordance with the Australian Auditing Standards.

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.



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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: 29 September 2026

A handwritten signature in black ink, appearing to read 'Jessica Ritchie'.

Jessica Ritchie
Lead Auditor

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