

2008 annual report



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Chairman's report

For year ending 30 June 2008

It gives me great pleasure to present to you the first annual report of Mount Beauty & District Community Enterprises Limited.

What a year it has been from the incorporation of the Company on Friday 6 July 2007, raising our share capital of \$613,278, fitting out the branch, employing the staff, opening the doors and commencing to develop the business.

From the issue of our prospectus on Tuesday 28 August 2007 we managed to raise our minimum subscription in just over a month, a feat which is a credit to all concerned and the level of community support. This quick capital raising was crucial to our plans to open the branch before Christmas. We set as our target early December to open, despite the advice that it couldn't be done, and stuck to that right through.

It was with great pride that we were able to welcome Bendigo Bank's Victorian State Manager, Mr Scott Elkington to officially open our branch on Friday 7 December 2007. Scott, who was in the original party who came to talk to us about the **Community Bank**[®] concept, was ably assisted by Alex McCullough, June Hoffman and Ross Passalacqua in the cutting the ribbon to the branch. After a wonderful luncheon by Chef Roi and the Secret Mens Business team from the Neighbourhood Centre, we were officially open for business.

Our thanks must go to our landlord, Alan McDonald, for all of his assistance in renovating the premises ready for occupation and the various trades, as local as possible, who worked on the project.

Full credit must go to our Manager, Mark, and his team, who have done a wonderful job in enabling us to reach our target business level for the first 12 months operations in only eight months. If we can continue our current levels of growth we should reach break even in only 12 months rather than the 22 months - which we forecast in the prospectus.

Already there are several community groups who have received small grants to assist them and this will increase as our business grows. Our first grants night was well attended and has generated a lot of interest in how we can assist our community.

Going forward, our first objective is to reach breakeven on a monthly basis. Once we have achieved this goal we are keen to be in a position to reward our shareholders with an initial dividend as quickly as possible, as well as increasing the level of community grants and restoring our capital base.

Chairman's report continued

Your Board has functioned as a very cohesive team and I would like particularly to acknowledge the work of our Company Secretary, Kirsten, our treasurer, Ian, and the chair of our sponsorship and marketing committee, Barb, for their efforts over and above that of the other Directors. Mark, Kim, Debbie, Linda and Regi have all made a wonderful contribution along with the business bankers and our regional Manager, Chris Pursehouse. To you, our shareholders, we also say thank you for your support, we couldn't have done it without you.

This enterprise we are all involved in has already made a significant difference to our community, in jobs created, grants given and by providing a competitive banking alternative.



Andrew John Randell
Chairman

Manager's report

For year ending 30 June 2008

It is with pleasure that I submit my report as Manager of the Mount Beauty & District **Community Bank**[®] Branch of the Bendigo Bank.

The first seven months have been very exciting, busy and enjoyable time for all involved. The Mount Beauty & District **Community Bank**[®] Branch is extremely fortunate to have five very capable, enthusiastic and professional staff that are committed to providing the standard of service that Bendigo Bank is renowned for. All staff members are striving to improve their knowledge and skills by participating in training courses internally and externally.

The industry that we work in is changing on a continual basis and it is essential that we meet and exceed what these challenges bring. I thank my staff (Kim Walters, Debbie King, Linda Maddison and Regi Penn) sincerely for all their efforts and support to date and truly believe that they are excellent ambassadors for the Mount Beauty & District **Community Bank**[®] Branch and all our local communities. The most rewarding aspect for our staff is that our customers chose to bank with us because they want to. They feel welcome, needed and very comfortable every time they come into our branch.

I would also like to thank all the support staff we have from Bendigo Bank, Chris Pursehouse (Regional Manager), Michael Monaghan (Senior Business Banking Manager), Brian O'Keefe (Business Banking Manager), Peter Nolan (Agribusiness Manager), Peter Stock (Merchant Services) and Sheridan Gillham (Financial Planner). We also have great support from many support staff in many sections that assist us in our day to day running of our branch.

For our business results, at the end of June 2008 we have business totaling \$23.5 million dollars in 720 accounts. Between the branch and our ATM we are completing just over 1500 transactions per month. Demand for lending has been strong and we are continuing to get enquires. Our interest rates have become more competitive in the past few months and more new clients our enquiring about these rates as well.

I believe that many in our local community are still not fully aware of what products and services we are able to offer, including Insurance (car, health, home and contents, travel and personal), agribusiness (Elders – lending and deposits, farm management accounts) and financial planning. We also have a full range of traditional banking products, lending and investments.

I would also like to take this opportunity to thank our Board, the steering committee and our community, if it was not for their passion and your support this branch would not be here today. So Andrew Randell, Barbara Pyle, Kirsten Seaver, Yvonne Evans, Bill Best, Ian Cohn, Graham Irish and David Harley – thank you.

The full benefits of having the Mount Beauty & District **Community Bank**[®] Branch are yet to be realised. Communities around Australia have benefited from the support and grants that many local **Community Bank**[®] branches like ours and we could do the same for our community.

Manager's report continued

Now as we are approaching our first full year of operation, we the staff and the Board need to continue our hard work to make sure our community will continue to be successful and look forward to assisting our community in the many projects that our community needs our support with.

I look forward to another year of growth as we strive to achieve the goals of profit, shareholder dividends and the ability to provide our communities of Mount Beauty, Tawonga, Tawonga South, Falls Creek, Bogong Village, Dederang and Kancoona with the support they need.



Mark Roffey
Branch Manager

Directors' report

For year ending 30 June 2008

Your Directors submit the financial report of the Company for the financial year ended 30 June 2008.

Directors

The names and details of the Company's Directors who held office during or since the end of the financial year:

Andrew John Randell

Chairman
Age: 56
Registered Builder

Ian Alexander Cohn

Treasurer
Age: 65
Aeronautical Engineer

Kirsten Dorothy Seaver

Secretary
Age: 47
Interior & Graphic Designer

William Charles Best

Director
Age: 54
Software Developer

Yvonne Denise Evans

Director
Age: 55
Business Manager

David Vernon Elliott Harley

Director
Age: 69
Farmer

Graham Raymond Irish

Director
Age: 62
Company Director

Barbara Jean Pyle

Director
Age: 63
Retired

Directors were in office since the registration date of 6 July 2007 unless otherwise stated.

No Directors have material interests in contracts or proposed contracts with the Company.

Company Secretary

The Company Secretary is Kirsten Dorothy Seaver. Kirsten has been in the role since incorporation on 6 July 2007. Her qualifications and experience include general administration, database management and completion of CSA Company Secretary's workshops.

Principal activities

The principal activities of the Company during the course of the financial year were in facilitating **Community Bank**[®] services under management rights to operate a franchised branch of Bendigo Bank Limited.

There has been no significant changes in the nature of these activities during the year.

Directors' report continued

Operating results

Operations have continued to perform in line with expectations. The loss of the Company for the financial year after provision for income tax was:

Year ended
30 June 2008

\$

(195,051)

Dividends

No dividends were declared or paid for the previous year and the Directors recommend that no dividend be paid for the current year.

Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report or the financial report.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company, in future years.

Likely developments

The Company will continue its policy of facilitating banking services to the community.

Environmental regulation

The Company is not subject to any significant environmental regulation.

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. 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.

Indemnification and Insurance of Directors and Officers

The Company has indemnified all Directors and the Manager in respect of liabilities to other persons (other than the Company or related body corporate) that may arise from their position as Directors or Manager of the Company except where the liability arises out of conduct involving the lack of good faith.

Directors' report continued

Disclosure of the nature of the liability and the amount of the premium is prohibited by the confidentiality clause of the contract of insurance. The Company has not provided any insurance for an Auditor of the Company or a related body corporate.

Remuneration report

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.

Directors meetings

The number of Directors meetings attended by each of the Directors of the Company during the year were:

	Number of Board meetings eligible to attend	Number attended
Andrew John Randell	12	11
Ian Alexander Cohn	12	12
Kirsten Dorothy Seaver	12	12
William Charles Best	12	11
Yvonne Denise Evans	12	10
David Vernon Elliott Harley	12	10
Graham Raymond Irish	12	11
Barbara Jean Pyle	12	10

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 the notes to the accounts.

The Board of Directors has considered the position, in accordance with the advice received from the audit committee and is satisfied that the provision of the non-audit services is compatible with the general standard of independence for Auditors imposed by the Corporations Act 2001.

The Directors are satisfied that the provision of non-audit services by the Auditor, as set out in the notes 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 audit committee to ensure they do not impact on the impartiality and objectivity of the Auditor;
- none of the services undermine the general principles relating to Auditor independence as set out in Professional Statement F1, including reviewing or auditing the Auditor's own work, acting in a

Directors' report continued

management or a decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risk and rewards.

Auditors' independence declaration

A copy of the Auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 10.

Signed in accordance with a resolution of the Board of Directors at Mount Beauty on 17 September 2008.



Andrew John Randell
Chairman



Ian Alexander Cohn
Treasurer

Auditor's independence declaration



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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the directors of Mount Beauty & District Community Enterprises Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2008 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

David Hutchings
Auditor

Andrew Frewin & Stewart
Bendigo, Victoria

Dated this 17th day of September 2008

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Liability limited by a scheme approved under Professional Standards Legislation

Financial statements

Income statement For year ending 30 June 2008

	Note	2008 \$
Revenues from ordinary activities	3	100,244
Salaries and employee benefits expense		(264,279)
Advertising and promotion expenses		(7,843)
Occupancy and associated costs		(22,833)
Systems costs		(20,047)
Depreciation and amortisation expense	4	(17,581)
General administration expenses		(48,192)
Loss before income tax credit		(280,531)
Income tax credit	5	85,480
Loss for the period		(195,051)
Loss attributable to members of the entity		(195,051)
Earnings per share (cents per share)		¢
- basic for profit for the year	21	(42.95)

The accompanying notes form part of these financial statements.

Financial statements continued

Balance sheet As at 30 June 2008

	Note	2008 \$
Assets		
Current assets		
Cash assets	6	238,088
Trade and other receivables	7	8,090
Total current assets		246,178
Non-current assets		
Property, plant and equipment	8	70,586
Intangible assets	9	8,833
Deferred tax assets	10	85,480
Total non-current assets		164,899
Total assets		411,077
Liabilities		
Current liabilities		
Trade and other payables	11	14,546
Provisions	12	6,144
Total current liabilities		20,690
Total liabilities		20,690
Net assets		390,387
Equity		
Issued capital	13	585,438
Accumulated losses	14	(195,051)
Total equity		390,387

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of cash flows As at 30 June 2008

	Note	2008 \$
Cash flows from operating activities		
Receipts from customers		76,235
Payments to suppliers and employees		(336,443)
Interest paid		9,928
Interest received		(70)
Net cash used in operating activities	15	(250,350)
Cash flows from investing activities		
Payments for property, plant and equipment		(87,000)
Payments for intangible assets		(10,000)
Net cash used in investing activities		(97,000)
Cash flows from financing activities		
Proceeds from issues of equity securities		613,278
Payment for share issue costs		(27,840)
Net cash provided by financing activities		585,438
Net increase in cash held		238,088
Cash at the beginning of the financial year		-
Cash at the end of the financial year	6(a)	238,088

The accompanying notes form part of these financial statements.

Financial statements continued

Statement of changes in equity As at 30 June 2008

	Note	2008 \$
Total equity at the beginning of the period		-
Net loss for the period		(195,051)
Net income/expense recognised directly in equity		-
Dividends provided for or paid		-
Shares issued during period		613,278
Costs in issuing shares		(27,840)
Total equity at the end of the period		390,387

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ending 30 June 2008

Note 1. Summary of significant accounting policies

Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial statements and notes comply with International Financial Reporting Standards (IFRS). These financial statements and notes comply with IFRS.

Historical cost convention

The financial report has been prepared under the historical cost conventions on an accruals basis as modified by the revaluation of financial assets and liabilities at fair value through profit or loss and where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

Revenue

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of Goods and Services Tax (GST). The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable for the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet. Cash flows are included in the statement of cash flows on a gross basis.

The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operation cash flows.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method on temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities reflects the tax consequences that would follow from the manner in which the consolidated entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax and when the balances relate to taxes levied by the same taxation authority and the Company/consolidated entity intends to settle its tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Employee entitlements

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

The Company contributes to a defined contribution plan. Contributions to employee superannuation funds are charged against income as incurred.

Intangibles

The cost of the Company's franchise fee has been recorded at cost and is amortised on a straight line basis at a rate of 20% per annum.

Cash

For the purposes of the statement of cash flows, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

Comparative figures

The Company was incorporated on 6 July 2007 therefore there were no operations during the year ending 30 June 2007.

Property, plant and equipment

Plant and equipment, leasehold improvements and equipment under finance lease are stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Depreciation is provided on property, plant and equipment, including freehold buildings but excluding land. Depreciation is calculated on a straight line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated at the rate equivalent to the available building allowance using the straight line method. The estimated useful lives, residual values and depreciation method is reviewed at the end of each annual reporting period.

The following estimated useful lives are used in the calculation of depreciation:

- leasehold improvements	40 years
- plant and equipment	2.5 - 40 years
- furniture and fittings	4 - 40 years

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

There are no estimates or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Payment terms

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days.

Trade receivables and payables

Receivables are carried at their amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts. Liabilities for trade creditors and other amounts are carried at cost that is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

Borrowings

All loans are initially measured at the principal amount. Interest is recognised as an expense as it accrues.

Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

A provision for dividends is not recognised as a liability unless the dividends are declared, determined or publicly recommended on or before the reporting date.

Contributed equity

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

Notes to the financial statements continued

Note 1. Summary of significant accounting policies (continued)

Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Note 2. Financial risk management

The Company's activities expose it to a limited variety of financial risks: market risk (including currency risk, fair value interest risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the entity. The entity does not use derivative instruments.

Risk management is carried out directly by the Board of Directors.

(i) Market risk

The Company has no exposure to any transactions denominated in a currency other than Australian dollars.

(ii) 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.

(iii) Credit risk

The Company has no significant concentrations of credit risk. It has policies in place to ensure that customers have an appropriate credit history. The Company's franchise agreement limits the Company's credit exposure to one financial institution, being Bendigo Bank Limited.

(iv) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and marketable securities and the availability of funding from credit facilities. The Company believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo Bank Limited and subject to movements in market interest. 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 believes that its sound relationship with Bendigo Bank Limited mitigates this risk significantly.

Notes to the financial statements continued

2008
\$

Note 3. Revenue from ordinary activities

Operating activities:

- services commissions	85,381
- other revenue	500
Total revenue from operating activities	85,881

Non-operating activities:

- interest received	14,363
Total revenue from non-operating activities	14,363
Total revenues from ordinary activities	100,244

Note 4. Expenses

Depreciation of non-current assets:

- plant and equipment	12,228
- leasehold improvements	4,186

Amortisation of non-current assets:

- franchise agreement	1,167
	17,581

Finance costs:

- interest paid	70
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Note 5. Income tax expense

The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:

Operating loss	(280,531)
Prima facie tax on loss from ordinary activities at 30%	(84,159)
Add tax effect of:	
- non-deductible expenses	350
- timing difference expenses	1,389
- other deductible expenses	(1,670)

Notes to the financial statements continued

	Note	2008 \$
Note 5. Income tax expense (continued)		
Current tax		(84,091)
Movement in deferred tax	10.	(1,389)
		(85,480)

Note 6. Cash assets

Cash at bank and on hand		5,998
Term deposits		232,090
		238,088

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cashflows as follows:

6(a) Reconciliation of cash

Cash at bank and on hand		5,998
Term deposit		232,090
		238,088

Note 7. Trade and other receivables

Trade receivables		53,596
Accrued income		3,375
		56,971

Note 8. Property, plant and equipment

Plant and equipment

At cost		35,342
Less accumulated depreciation		(12,228)
		23,114

Notes to the financial statements continued

	2008 \$
Note 8. Property, plant and equipment (continued)	
Leasehold improvements	
At cost	51,659
Less accumulated depreciation	(4,187)
	47,472
Total written down amount	70,586
Movements in carrying amounts:	
Plant and equipment	
Carrying amount at beginning	-
Additions	35,342
Disposals	-
Less: depreciation expense	(12,228)
Carrying amount at end	23,114
Leasehold improvements	
Carrying amount at beginning	-
Additions	51,659
Disposals	-
Less: depreciation expense	(4,187)
Carrying amount at end	47,472
Total written down amount	70,586

Note 9. Intangible assets

Franchise fee	
At cost	10,000
Less: accumulated amortisation	(1,167)
	8,833

Notes to the financial statements continued

	2008 \$
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Note 10. Deferred tax

Deferred tax asset

Opening balance	-
Future income tax benefits attributable to losses	84,091
Deferred tax on provisions	1,389
Closing balance	85,480

Note 11. Trade and other payables

Trade creditors	12,546
Other creditors & accruals	2,000
	14,546

Note 12. Provisions

Employee provisions	6,144
Number of employees at year end	4

Note 13. Contributed equity

613,278 Ordinary shares fully paid of \$1 each	613,278
Less: equity raising expenses	(27,840)
	585,438

Note 14. Accumulated losses

Balance at the beginning of the financial year	-
Net loss from ordinary activities after income tax	(195,051)
Dividends paid	-
Balance at the end of the financial year	(195,051)

Notes to the financial statements continued

2008
\$

Note 15. Statement of cash flows

Reconciliation of loss from ordinary activities after tax to net cash provided by operating activities

Loss from ordinary activities after income tax	(195,051)
Non cash items:	
- depreciation	16,414
- amortisation	1,167
Changes in assets and liabilities:	
- increase in receivables	(8,090)
- increase in other assets	(85,480)
- increase in payables	14,546
- increase in provisions	6,144
Net cash flows used in operating activities	(250,350)

Note 16. Auditors' remuneration

Amounts received or due and receivable by the Auditor of the Company for:

- audit & review services	3,000
- non audit services	14,876
	17,876

Note 17. Director and related party disclosures

The names of Directors who have held office during the financial year are:

Andrew John Randell
Ian Alexander Cohn
Kirsten Dorothy Seaver
William Charles Best
Yvonne Denise Evans
David Vernon Elliott Harley
Graham Raymond Irish
Barbara Jean Pyle

Notes to the financial statements continued

Note 17. Director and related party disclosures (continued)

No Director or related entity has entered into a material contract with the Company. No Director's fees have been paid as the positions are held on a voluntary basis.

Directors shareholdings	2008
Andrew John Randell	6,001
Ian Alexander Cohn	5,001
Kirsten Dorothy Seaver	501
William Charles Best	1,001
Yvonne Denise Evans	501
David Vernon Elliott Harley	5,001
Graham Raymond Irish	50,001
Barbara Jean Pyle	21,001

There was no movement in Directors shareholdings during the year. Each share held is valued at \$1.

Note 18. Key management personnel disclosures

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.

2008
\$

Note 19. Earnings per share

(a) Profit attributable to the ordinary equity holders of the Company used in calculating earnings per share	(195,051)
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2008
Number

(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	454,120
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Note 20. Events occurring after the balance sheet date

There have been no events after the end of the financial year that would materially affect the financial statements.

Notes to the financial statements continued

Note 21. Contingent liabilities

There were no contingent liabilities at the date of this report to affect the financial statements.

Note 22. Segment reporting

The economic entity operates in the service sector where it facilitates **Community Bank**[®] services pursuant to a franchise agreement with Bendigo Bank Limited. The economic entity operates in one geographic area being Mount Beauty and surrounding district of Victoria.

Note 23. Registered office/principal place of business

The registered office and principal place of business is:

Registered office	Principal place of business
18 Hollonds Street, Mount Beauty VIC 3699	28 Hollonds Street, Mount Beauty VIC 3699

Note 24. Financial instruments

Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at the year end.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements.

There are no material credit risk exposures to any single debtor or group of debtors under financial instruments entered into by the economic entity.

Notes to the financial statements continued

Note 24. Financial Instruments (continued)

Interest rate risk

Financial instrument	Floating interest rate	Fixed interest rate maturing in			Non interest bearing	Weighted average effective interest rate
		1 year or less	Over 1 to 5 years	Over 5 years		
		2008	2008	2008		
	2008	2008	2008	2008	2008	
	\$	\$	\$	\$	\$	%
Financial assets						
Cash assets	5,977	-	-	-	21	0.05
Investment account	32,090	-	-	-	-	6.17
Term deposits (1)	40,000	-	-	-	-	7.75
Term deposits (2)	200,000	-	-	-	-	8
Receivables	-	-	-	-	8,090	N/A
Financial liabilities						
Payables	-	-	-	-	14,546	N/A

Director's declaration

In accordance with a resolution of the Directors of Mount Beauty & District Community Enterprises Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Company are 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 2008 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the Directors' report comply with Accounting Standard AASB174 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the Board of Directors.



Andrew John Randell
Chairman



Ian Alexander Cohn
Treasurer

Signed on 17 September 2008.

Independent audit report



Chartered Accountants & Business Advisors

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INDEPENDENT AUDITOR'S REPORT

To the members of Mount Beauty & District Community Enterprises Limited

We have audited the accompanying financial report of Mount Beauty & District Community Enterprises Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the director's declaration.

The company has disclosed information as required by paragraphs Aus 25.4 to Aus 25.7.2 of Accounting Standard 124 Related Party Disclosures ("Remuneration disclosures"), under the heading "Remuneration Report" in the directors' report, as permitted by Corporations Regulation 2M.6.04.

Directors Responsibility for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards. The directors are also responsible for the remuneration disclosures contained in the director's report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement and that the remuneration disclosures comply with Accounting Standards AASB 124 Related Party Disclosures.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Liability limited by a scheme approved under Professional Standards Legislation

Independent audit report continued

Independence

In conducting our audit we have met the independence requirements of the Corporations Act 2001. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the director's report. In addition to our audit of the financial report and the remuneration disclosures, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

In our opinion:

- 1) The financial report is in accordance with the Corporations Act 2001 including giving a true and fair view of the financial position of Mount Beauty & District Community Enterprises Limited as of 30 June 2008 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- 2) The financial report also complies with International financial reporting standards as disclosed in Note 1.
- 3) The remuneration disclosures that are contained in the director's report comply with Accounting Standards AASB 124 Related Party Disclosures.



DAVID HUTCHINGS
ANDREW FREWIN & STEWART
61-65 Bull Street, Bendigo, 3550

Dated this 17th day of September 2008

Mount Beauty & District **Community Bank**[®] Branch
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Franchisee: Mount Beauty & District Community Enterprises Limited
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www.bendigobank.com.au/mount_beauty

Bendigo and Adelaide Bank Limited, The Bendigo Centre, Bendigo VIC 3550
ABN 11 068 049 178. AFSL 237879. (BMPAR8067) (09/08)

