



Manningham Community
Enterprises Limited

ABN 69 101 174 270

**ANNUAL
REPORT
2013**

Doncaster East **Community Bank**[®] Branch
Templestowe Village **Community Bank**[®] Branch

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10th Birthday and CEF photographs by;
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Chairman's report

For year ending 30 June 2013

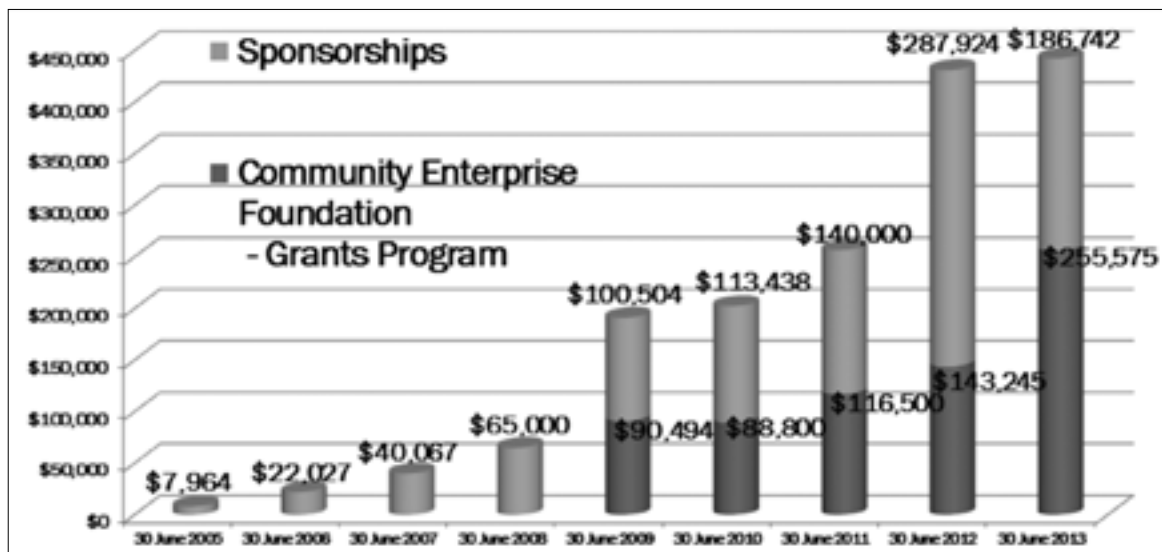
Banking is our business... the community is our focus.

Another outstanding year for our two **Community Bank**[®] branches.

The past 12 months has seen to continued growth of our Doncaster East **Community Bank**[®] Branch and the further development and growth of Templestowe Village **Community Bank**[®] Branch, albeit in a difficult environment.

This year saw the celebration of a decade of banking business at the Doncaster East **Community Bank**[®] Branch. Events included a birthday celebration at the two branches for our customers, community members and culminated with a dinner at Monte Carlo Reception Centre for all our stakeholders and supporters; leaders from our sponsored clubs, not for profit organisations, shareholders, Manningham Community Enterprises Limited (MCEL) staff and other Manningham community leaders. To think that it was a **Community Bank**[®] branch that brought together all these outstanding people who make such a significant contribution to the fabric of the Manningham community.

This was not just a celebration dinner, but an opportunity to recognise what MCEL has been able to 'return' to support the community... over \$2 million to date and a further \$784,056 to local shareholders. The following graph provides a great visual on the growth in 'Community funding support' since 2004/05.



Thanks to the support of **Community Bank**[®] branch customers and shareholders, the Australia-wide network has now returned more than \$100 million to support and strengthen local communities. Just amazing, we should all be so proud of being part of this! What a journey.

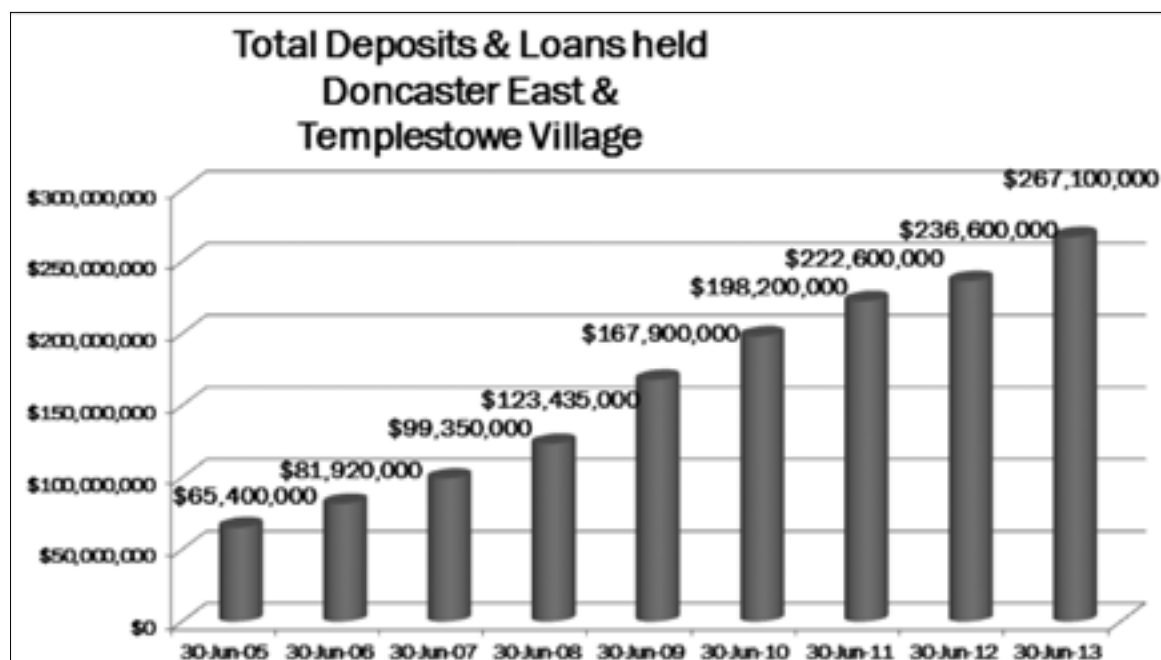
These community grants and sponsorships have made a significant difference to a number of local not for profit organisations and we look forward to continuing to support these groups and others as more people bank with us and we become more successful.

Business growth:

The business volume of the two branches at the end of the full financial year was \$267.1 million, which is 12.9 per cent up on the previous year. This follows continuous business volume growth each year since the opening of the Doncaster East **Community Bank**[®] Branch ten years ago and Templestowe Village **Community Bank**[®] Branch some four years ago.

Chairman's report (continued)

Our challenge is to keep improving each particular part of the business for the next ten years. The following graph shows the growth in business volumes since 2004/05.



As we have said many times before, it is because our customers decide to bank with our **Community Bank**[®] model that we are able to forge long term relationships and partnerships with all sectors on the Manningham community and add value for all our stakeholders. This is our point of difference!

Income growth:

MCEL continued to grow the total gross income this year to \$2.126 million, an increase of 3.6 per cent over the previous year.

The income growth this year has been impacted by the Bendigo and Adelaide Bank's 'Restoring the Balance' project which is designed to see the return of revenue on core banking products more closely aligned to the key principal of 50/50 revenue share under the franchise. In recent times we have seen this margin share continue to be skewed in favour of the **Community Bank**[®] partners, hence we are working together to reduce this imbalance.

Operating expenses:

Expenses, before community grants, sponsorships, donations and promotions, totalled \$1.519 million compared with \$1.347 million last year, an increase of 12.7%.

Profit:

The Board is pleased to announce a full year before tax profit of \$261,539 (after tax profit of \$181,918), which is up on last year's before tax profit of \$36,938.

The 2012/13 before tax profit was struck after contributing \$345,146 to Community Enterprise Foundation[™] (CEF), community sponsorships, advertising and promotion. Directors, shareholders, staff and our customers should feel very proud of what a difference these funds are making to our Manningham community.

The Board is therefore also pleased to announce a fully franked dividend of nine cents for the financial year 2012/13.

Chairman's report (continued)

Community Enterprise Foundation™ (CEF) grants:

Again one of the highlights of our year, were the grants made to many community organisations through the branch's Community Enterprise Foundation™. This year, we were delighted to provide some \$244,457 to 20 local community groups and not-for-profit organisations at our grants presentation night held in June 2013. This included a grant to Onemda of \$71,720 for the renovations and upgrade of their disability facilities, some \$36,444 to Manningham Community Health Services Ltd for the upgrade of their systems to support the efficient delivery of health services to those in need and to Doncare for the provision of a truck and a vehicle to support volunteers with the delivery of services to the less fortunate in our community, to name just a few.

My thanks to our CEF Committee, Chairman Ray Lord, Jim Christie and Heather Herbert who manage this process.

Our staff:

We are fortunate to have such dedicated staff, lead by Senior Manager Paul Thompson and Templestowe Village **Community Bank**® Branch Manager, Chris Cahir. This team ensures the success of our business by providing excellent frontline service to our many customers, support for our sponsored partners and the wider community.

Their presence at many of our sponsored group's functions throughout the year demonstrates their commitment to the **Community Bank**® model and our Manningham community. I would like to acknowledge these efforts on behalf of the Board.

Thanks to the Bendigo and Adelaide Bank and in particular Regional Manager Michael Petering and support staff for their advice and support to both the Board and the **Community Bank**® branches.

Your Board:

May I express my appreciation to your 2012/13 Board of Directors – Erica Mounter (VC), Ray Barrington, Daryl Brown, Jim Christie, Keith Crothers, Heather Herbert, Ray Lord, Nicky White (Treasurer), Ian Goldsmith and Trevor Waring and our Officer to the Board – Darren Bourke.

In August this year Trevor Waring decided to retire from our Board. Trevor was an inaugural member of the Doncaster East Financial Services Ltd Board and a passionate supporter of the **Community Bank**® model. He has made a significant contribution to the success of MCEL over the ten year journey.

It is also with regret that we have accepted the resignation of Keith Crothers who has decided not to nominate for re election at the 2013 Annual General Meeting. Keith's logic and rational thought processes have enabled him to be an outstanding Director and a major contributor to the good governance and disciplines of the MCEL Board.

On behalf of the Board I would like to express our sincere thanks to both Trevor and Keith for their contribution over the years.

As part of our succession planning process, we appointed Darren Bourke to the role of Officer to the Board and Victoria Paouros as Minute Secretary; Victoria was one of the students who participated in our early Junior Observer Programs.

Sponsorship and Marketing Committee:

This year we have continued to focus on spreading the story of the **Community Bank**® model creating greater awareness among the community and through this, improving our business.

The Directors and management team are focusing directly on connecting and maintaining contact with all the community entities that have benefited from our grants and sponsorships. We aim to develop strong relationships with these recipients, ensuring they have a key understanding of the importance of supporting the **Community Bank**® branch that in turn supports them in their endeavours.

Chairman's report (continued)

We are in the process of planning a series of business luncheons with our sponsored partners to share the story of the great community outcomes achieved not only through our **Community Bank**[®] branches but also other community initiatives with key and influential community members... this is our point of difference!

Many thanks to Ray Lord and his committee for their efforts in this very important area of our business.

HR Committee:

Again we have seen the branch team become an even more cohesive and supportive group of people over the past 12 months. Much of this is attributed to the calibre of our people, the leadership provided by management and the support of a very competent HR Committee, chaired by Keith Crothers.

Council Liaison Committee:

The Council Liaison Committee under the Chairmanship of Daryl Brown continues to work on projects in co-operation with the Manningham City Council. During the year we signed a contract with the Council to provide the seeding capital over a ten year period for the Mullum Mullum Highball Centre. This will be a major sporting development to provide basketball facilities to the youth of Manningham and will be known as the '**Community Bank**[®] Stadium'.

Governance Committee:

The Governance Committee continued its outstanding work on organisation policies, succession planning and the continuous review of the MCEL Strategic Plan 2012-2017. The Directors and management also participated in a risk management review to identify the potential risks facing the business and the likely impact of these risks. Our thanks to Committee Chair, Jim Christie and his committee for their outstanding work in these areas.

Finance and Audit Committee:

This committee and particularly the Treasurer, Nicky White has provided timely and accurate financials on which the Board can base their assessment of business performance. This committee has also been instrumental in modeling future income projections to enable forward planning in regard to ongoing community commitments. Thanks go to Chair, Ian Goldsmith and his committee.

Youth Engagement and Cultural Diversity:

This year we welcomed Owen Tang, Mark Tong, George Panagiotou and Nick Kehadis, year 11 students at Doncaster Secondary College, into the 2013 MCEL Junior Observer program. These Junior Observers attended a number of our Board meetings and met with Committee Chairs to develop their understanding of how a publically listed business and Board functions. This is an outstanding youth development program and is being seen as a model across the **Community Bank**[®] network.

We also launched a Student Discretionary Scholarship to assist a number of students who come from a disadvantaged background to further their studies.

Thanks go to Heather Herbert, Chair of Youth Engagement and Cultural Diversity Committee and her committee members for the very rewarding programs they have initiated.

The Future:

The **Community Bank**[®] model is unique. Being connected to our community means that we understand that successful customers assist to create a successful community... this community involvement is our point of difference.

Chairman's report (continued)

It is a privilege to be a part of this ten year journey, thank you to our shareholders, customers and the local community for supporting your **Community Bank**[®] branches over the past ten years, there is no doubt your continued support will contribute to the success of the business and enabled us to provide significant funds to local community programs and projects.

I wonder sometimes what this business and our commitment to the community will look like in another ten years' time. Business and banking, undergoes constant change and I'm sure there will be things unheard of today. One thing is for sure, a business that has its heart and soul anchoring firmly to such a community as ours will always prevail, and will always have your support. As our business grows, so will our community support.

Banking is our business... community is our focus.



Geoff Roberts
Chairman

Senior Manager's report

For year ending 30 June 2013

Welcome to year one into our second decade of providing a full range of professional banking services to the people of Manningham and surrounding areas.

With in excess of 35 years in banking, I continue to be amazed at the ongoing success and sustainability of the **Community Bank**[®] model, and the diversity of the community outcomes it provides.

As at the end of the financial year, total business under management spread across the two **Community Bank**[®] branches of Doncaster East and Templestowe Village of \$267.1 million represented growth of \$30.5 million in what was a very difficult financial market. Total deposits of \$156.9 million and lending of \$110.2 million maintains our excellent mix of business.

The greatest satisfaction obtained over the year is the continued return of funds in community contributions totalling in excess of \$442,000. We continue to work with local clubs, community groups and organisations to meet the dreams of their members and clients. Since the opening of both branches our combined community contributions now exceed \$2 million – as I have often said, for a business located in the suburbs of Melbourne, numbers like these are difficult to fathom.

The above results would not be possible without the contributions of our dedicated staff, some of which have achieved a memorable milestone of five and ten years service. I would like to name individually as they are a key driver of our business. To Chris Cahir, Lisa Jones, Catherine Dole, Elise Chan, Tina O'Shea, Bernadette Furlong, Dianne Smith, Lyndee Stride, Michelle Ellard, Lauren Guatteri, Kim Nihill and Emily McKaskill, a huge thank you for your personal and professional service at all times.

I would also like to acknowledge both the enormous volume of work undertaken by the Board of Directors and the support and guidance they provide me.

I remain extremely proud to work for this organisation and more importantly the substantial contribution it makes to our community.

As I have said on previous occasions, please continue to play your part in the success of your bank by spreading the word about the personal banking service provided by both your **Community Bank**[®] branches.



Paul Thompson
Senior Manager

Templestowe Village Manager's report

For year ending 30 June 2013

It has been a year of growth and opportunity at the Templestowe Village **Community Bank**[®] Branch. Coming off a challenging year in 2011/12, there was excitement and anticipation around what the 2012/13 year could deliver with a new focus, some staffing structure changes and renewed enthusiasm for spreading the message of what the **Community Bank**[®] concept is all about.

The **Community Bank**[®] model and message is meaningless if it is not delivered by people who are passionate about what they do and have a genuine desire to make a difference. To this end I would like to thank our branch staff, Michelle Ellard, Lauren Guatteri, Kim Nihill and our newest staff member, Emily McKaskill, for their efforts this year in helping the branch to grow and start to really become an important part of the local community.

The MCEL highlight reel this year was impressive with our fantastic ten year anniversary dinner and CEF grants night. At Templestowe Village **Community Bank**[®] Branch, one of the highlights was undoubtedly "The REAL Barefoot Bowls Night" held in March at the Templestowe Bowls Club. This was an event put together entirely by the branch staff to raise funds for REAL Inc (Rights Employment Accommodation & Leisure), a local organisation supporting disabled members of our community. With around 80 attendees, competition on the green was fierce and \$2,000 was raised for this important organisation.

Business growth for the year was pleasing as well. After negative growth in 2011/12, this year we have added \$16.6 million to the balance sheet in a very competitive market. Whilst margin squeezes unfortunately did not see branch revenue increase proportionately in the way it would have in the past with this sort of growth, it is plain to see that the branch is heading in the right direction with a solid base being built.

With a solid year behind us the 2013/14 year will be about ensuring our existing and future customers are aware of the full range of products and services on offer and the difference each individual can make to the community by banking with us. I look forward to seeing our shareholders in the branch this year.



Chris Cahir
Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2013

This year has marked two very significant milestones for our **Community Bank**[®] network, celebrating its 15th anniversary of operation while also reaching \$100 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

The **Community Bank**[®] network has grown considerably since it was first launched in 1998, in partnership with the people from the western Victorian farming towns of Rupanyup and Minyip. For these communities the **Community Bank**[®] model was seen as a way to restore branch banking services to the towns, after the last of the major banks closed its services. But in the years since, the **Community Bank**[®] model has become so much more.

The **Community Bank**[®] network has returned more than \$20 million in contributions to local communities in this financial year alone. Our branches have been able to fund health services, sports programs, aged care facilities, education initiatives, community events and much more.

These contributions have come at a time of continued economic uncertainty, and shows the high level of support the **Community Bank**[®] model has in the communities in which it operates.

While our established branches grow their business at a healthy rate, demand for the model in other communities continues to be strong. There are currently another 40 **Community Bank**[®] sites in development, and 15 new branches are expected to open in the next 12 months.

At the end of the financial year 2012/13 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$102 million
- **Community Bank**[®] branches – 298
- **Community Bank**[®] branch staff – more than 1,460
- **Community Bank**[®] company Directors – 1,925
- Banking business – \$24.46 billion
- Customers – 640,159
- Shareholders – 72,062
- Dividends paid to shareholders since inception – \$30.88 million.

Almost 300 communities have now partnered with Bendigo and Adelaide Bank, to not only enhance banking services, but more importantly take the profits their banking business generates and reinvest it in local groups and projects that will ultimately strengthen their community. This \$100 million goes to new community facilities, improved services, more opportunities for community engagement activities and generally speaking, a more prosperous society.

The communities we partner with also have access to Bendigo and Adelaide Bank's extensive range of other community building solutions including the Community Enterprise Foundation™ (philanthropic arm), Community Sector Banking (banking service for not-for-profit organisations), Generation Green™ (environment and sustainability initiative), Community Telco[®] (telecommunications solution), tertiary education scholarships and Community Enterprises that provide **Community Bank**[®] companies with further development options.

In Bendigo and Adelaide Bank, your **Community Bank**[®] company has a committed and strong partner and over the last financial year our company has continued its solid performance.

Bendigo and Adelaide Bank report (continued)

Bendigo and Adelaide Bank remains one of the few banks globally to be awarded an upgraded credit rating since the onset of the Global Financial Crisis. Our Bank continues to be rated at least “A-” by Standard & Poor’s, Moody’s and Fitch in recognition of its strong performance in the face of what continues to be a challenging economic environment.

While continued ratings affirmation is a welcome boost for the Bank and its partners, trading conditions are still difficult, with consumer confidence and demand for credit remaining low, and competition remaining very strong for retail deposits.

Not surprisingly, these factors continue to place pressure on the 50/50 margin share agreement between the Bank and our **Community Bank**[®] partners. As a result some **Community Bank**[®] companies are receiving much more than 50 per cent of revenue earned.

In April, the Bank took a further step to restore this balance, ensuring that the **Community Bank**[®] model produced a more appropriate balance of return for all stakeholders within this partnership model. The Bank will continue to review this remuneration model to ensure it is fair and equitable for all parties and is as resilient as possible to the fast changing economic environment.

It continues to be Bendigo and Adelaide Bank’s vision to be Australia’s leading customer-connected bank. We believe our strength comes from our focus on the success of our customers, people, partners and communities. We take a 100-year view of our business; we listen and respect every customer’s choice, needs and objectives. We partner for sustainable long-term outcomes and aim to be relevant, connected and valued.

This is what drives each and every one of our people and we invite you as **Community Bank**[®] shareholders to support us as we work with your community to deliver on our goals and ensure our sustained and shared success.

As **Community Bank**[®] shareholders you are part of something special, a unique banking movement which has evolved into a whole new way of thinking about banking and the role it plays in modern society.

With the community’s support, there really is no limit to what can be achieved under the **Community Bank**[®] model, and I look forward to seeing what the next 15 years will bring.

I thank you for your important support of your local **Community Bank**[®] branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2013

Your directors submit the financial statements of the company for the financial year ended 30 June 2013.

Directors

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

Geoffrey Bruce Roberts

Chairman

Occupation: Management Consultant/Investor

Experience and expertise:

Geoff has had over thirty five years of experience in the manufacturing, distribution, clothing and footwear industries having worked as a Senior Marketing Executive with the McPherson Group of companies, Director and CEO roles with the Yakka Group and more recently with Oliver Footwear. Whilst in these roles also he sat on many Industry boards. He has significant community involvement with his work with Rotary International. His qualifications include a Graduate Diploma of Business studies and has attended many professional development programs over the years.

Erica Janice Mounter

Deputy Chairman

Occupation: Accountant

Experience and expertise:

Erica is a member of the Australian Society of Accountants. Having returned to study as a mature age student, Erica achieved a Bachelor of Business with an Accounting major. Erica is currently working part time and is also on the board of the Manningham Centre Association an Aged Care facility in Manningham.

Raymond Thomas Lord

Director

Occupation: Retired

Experience and expertise:

Raymond has forty years experience in the sporting, community and service industries. He has significant community involvement with Horticultural Therapy, Community Radio, Children with Down Syndrome, Blind Sports Victoria, and other sporting clubs. His qualifications include a Graduate Diploma of Welfare Studies, Certificate of Business Studies (Administration & Management) and Justice of the Peace.

James Douglas Christie RFD

Director

Occupation: Business Consultant

Experience and expertise:

James brings a wealth of experience from his former career, both in Australia and overseas, as a senior executive in the retail-banking sector. James also served as a Lieutenant Colonel in the Australian Army Reserve. He currently works as a consultant to Bendigo and Adelaide Bank Limited mentoring both new and established **Community Bank**[®] companies. He has served as an elected member of the **Community Bank**[®] Strategic Advisory Board and is also currently a Director of Principled Mortgage Investments Limited. He is a Member of the Australian Institute of Company Directors, an Affiliate of Chartered Secretaries Australia and a former Fellow of both the Australian Institute of Banking and Finance and the Australian Institute of Management.

Directors' report (continued)

Directors (continued)

Raymond Bruce Barrington

Director

Occupation: Retired

Experience and expertise:

Raymond has had 10 years banking and finance experience in ES&A and ANZ Bank. He has a wealth of experience in small business having run the family business for 20 years. He has been a board member of the Manningham Centre for the past two years.

Daryl Lindsay George Brown

Director

Occupation: Accountant/Taxation Agent

Experience and expertise:

Daryl has been in the finance industry all his working life. His experience includes corporate management in the manufacturing industry as well as has having his own Public Accounting Practice specializing in Small Business Development. The practice has been operating for 32 years. He is a Certified Practising Accountant, is a Director of a number of private companies and sits on the Board of a number of not-for-profit organisations. Daryl is very community minded and has been involved in many community projects through his Church, the Rotary Club of Manningham and MCEL. He is chairman of MCEL Special Projects Committee.

Keith Crothers

Director

Occupation: Business Manager

Experience and expertise:

Keith has 35 years experience in the IT industry in consulting, project management and people management roles and held a senior administrative position for five years in a not-for-profit association. He is a Business Manager with a not-for-profit public company and is a Senior Election Officer with the Victorian Electoral Commission.

Heather Elizabeth Herbert

Director

Occupation: Retired

Experience and expertise:

Heather has lived in the Manningham areas since 1965 when she and her husband, Lloyd, bought their first home. Heather has been married for 43 years and has three adult children and a granddaughter. For more than 25 years Heather was a member of Bulleen Tennis Club and was a committee member for 25 years where she held many different positions and represented the club on several district committees and the VTA Council. In February 2008 Heather was invited to join the Templestowe Village Steering Committee and has enjoyed all the challenges involved with helping to establish a **Community Bank**[®] branch at Templestowe at the end of 2009. She has also been a HR Officer at RMIT University, and holds a Trained Primary Teachers Certificate, Associate Diploma HR, Master of Applied Science (Innovation & Service Management), and has completed several short courses.

Directors' report (continued)

Directors (continued)

Ian Graham Goldsmith

Director (Appointed 14 November 2012)

Occupation: General Manager Business Services

Experience and expertise:

Ian has had over 30 years experience in the hospital, aged care, ambulance and health insurance sectors in senior executive positions. He is a certified practising accountant and is currently General Manager of business services for Alzheimer's Australia Vic. Ian is also Treasurer of the board of Mayfield Education, a private not for profit vocational education provider for the health and community services sector and he is also a very active member of the Rotary Club of Manningham.

Nicola Christine White

Director (Appointed 14 November 2012)

Occupation: Bookkeeper

Experience and expertise:

Nicky and her family moved from South Africa to Australia at the end of 1997. She has been a resident of Manningham since her arrival in Australia. She has worked as a bookkeeper within the **Community Bank®** network for many years. Nicky is a registered BAS Agent as has a Certificate IV in bookkeeping.

Trevor Leigh Waring

Director (Resigned 8 August 2013)

Occupation: Property Manager/Plantation Developer

Experience and expertise:

Trevor spent seven years as a City Councillor becoming Mayor in 1989-1990. His past experience includes drainage contracting, cleaning and house husband. He has a history of involvement in numerous community groups. Trevor is currently managing hardwood eucalyptus plantations for environmental benefits, carbon credits and long term sawlogs.

Eileen Margaret Connon Haw

Secretary/Director (Resigned 6 September 2012)

Occupation: Retired

Experience and expertise:

Eileen's career background was initially as a health professional before entering into the retail trade. During the past 6 years, Eileen has been involved in the Templestowe Village as a trader, property owner and secretary of both the Templestowe Traders Association and the Templestowe Village **Community Bank®** Steering Committee. Eileen was integral in igniting the interest in bringing Bendigo Bank to the village, and though now retired from the Traders Association and business, she is still committed to the future of Templestowe Village and the local community.

Directors were in office for this entire year unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company.

Company Secretary

The company secretary is Raymond Thomas Lord, Raymond took over as Secretary from Eileen Margaret Connon Haw, on 6 September 2012. Raymond has had a vast experience with many community and sporting groups.

Directors' report (continued)

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 franchised branches of Bendigo and Adelaide Bank Limited.

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

Operating Results

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

	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
	181,918	34,122

Operating and Financial Review

Operations

The Company has enjoyed another very successful year in 2012/2013 with an increase in Profit Before Income Tax from \$36,938 to \$261,539 or 608%. This result was achieved with a 3.6% increase in revenue to \$2.126 million over 2011/2012 and with a decrease in total expenses inclusive of Charitable donations, sponsorship, advertising and promotion of \$151,235, a reduction of 7.5%.

Combined business volume across the two branches grew to \$267.1 million which is a 12.9% increase on the previous year. The Doncaster East branch grew by \$13.9 million or 7.4% whilst the Templestowe Village branch grew by \$16.6 million or 34.7%.

This growth in business activity has been largely in deposits with East Doncaster increasing their deposits from 57% of their business volume to 59% from 2011/2012 to 2012/2013 whilst Templestowe Village has increased its deposits from 56% to 58% of its business volume in the same period.

The Board and staff have focussed very heavily on Community Partnerships during the 2012/2013 year with significant effort being expended in further developing strategic working relationships with the Manningham Council, the Rotary Clubs of Manningham and the Manningham Business Network, with a view to furthering the Community awareness of our business model whilst also providing significant resources for the local community.

The Boards' very strong commitment to excellence in Governance and Management ensures that our adherence to the Franchise Agreement is unquestioned and our relationship with Bendigo and Adelaide Bank Limited remains very strong.

Financial Position

The Company's Total Assets grew by \$50,811 with Intangible assets increasing by \$72,722 due to the re-signing of the Franchise Agreement between MCEL and Bendigo and Adelaide Bank Limited. Cash and Cash Equivalents increased by \$61,820 or 9.8% due to the reduced contribution to the Community Enterprise Foundation.

Total Liabilities increased by \$63,334 or 41.9% due to the increased Tax Liability of \$23,702 and an increase in Provisions for Annual Leave and Long Service Leave of \$28,275. This increase in employment related provisions results from the longevity of employment of our staff and is directly related to the effort put into staff retention, advancement and development.

Total Equity reduced by \$12,523 or 1% to \$1.187 million, primarily due to the Profit after Income Tax of \$181,918 offset by dividends paid during the year.

During the financial year the Company paid a fully franked dividend of 9 cents per share.

Directors' report (continued)

Operating and Financial Review (continued)

Drivers of Performance and Business Strategies

The results achieved in 2012/2013 are very much a result of the increased business volume of \$30.5 million which has been driven by MCEL's increased marketing and sponsorship presence in the local community despite a very competitive interest rate and business market.

Our local community presence will continue to be a strong driver of growth and our marketing, advertising, sponsorship and promotion efforts will have an increased emphasis on the lending side of our book as opposed to our deposits as this balance has a significant impact on our margins.

MCEL holds only 3% of the banking market in the Manningham area so the opportunity to engage with the local community, that the Community Bank model facilitates, provides the key to significant future growth through market penetration.

Remuneration Report

Remuneration Policy

The remuneration policy of Manningham Community Enterprise Limited has been designed to align key management personnel objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the company's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the company, as well as create goal congruence between directors, executives and shareholders.

Key Management Personnel Remuneration Policy

Key management personnel receive a base salary, superannuation and performance incentives.

The performance of key management personnel is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the company's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the board's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance results leading to long-term growth in shareholder wealth.

Key management personnel also receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement.

Employment agreements were entered into with key management personnel.

Remuneration Structure

All directors are independent non-executive Directors and are paid Directors' fees as disclosed below.

Non-executive director remuneration policy:

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive directors and regularly reviews the amount of fees paid, based on market practices, duties and accountability.

Directors' report (continued)

Remuneration Report (continued)

Non-executive director remuneration policy: (continued)

The maximum aggregate amount of fees that can be paid to non-executive Directors requires approval by shareholders as required by the Corporations Act 2001 and NSX listing rules.

Fees for non-executive Directors are not linked to the performance of the Company.

Performance based remuneration

The Company does not pay performance based remuneration to any Director.

Company performance, shareholder wealth and directors' and executives' remuneration

The following table shows the gross revenue, profits and dividends for the last 6 years for the entity, as well as the share prices at the end of the respective financial years. Analysis of the actual figures shows excellent growth in revenue, increased payments to community groups and projects as well as consistent returns to shareholders. The improvement in the company's performance over the last 6 years has been reflected in the company's share price with an increase each year, with the exception of 2009 when the share price fell in line with the business valuation and subsequent bonus share issue. The Board is of the opinion that these results can be attributed, in part, to the previously described remuneration policy and is satisfied with the overall trend in shareholder wealth over the past 6 years.

	2013	2012	2011	2010	2009	2008	2007
Revenue	2,126,374	2,053,008	1,896,071	1,481,080	1,197,210	1,010,886	793,703
Net profit	181,918	34,122	167,024	107,478	173,134	157,997	139,669
Share price at year end	0.90	0.90	1.00	0.85	0.90	1.00	1.00
Net dividend paid	194,441	172,837	108,023	71,501	71,501	68,251	-

Directors' Fees

For the year ended 30 June 2013 the directors received total remuneration, as follows:

	\$
Geoffrey Bruce Roberts	\$7,000.00
Erica Janice Mounter*	-
Raymond Thomas Lord	\$4,750.00
James Douglas Christie RFD	\$4,750.00
Raymond Bruce Barrington	\$4,750.00
Daryl Lindsay George Brown	\$4,750.00
Keith Crothers	\$4,750.00
Heather Elizabeth Herbert	\$4,750.00
Ian Graham Goldsmith (Appointed 14 November 2012)	-

Directors' report (continued)

Remuneration Report (continued)

Directors' Fees (continued)

	\$
Nicola Christine White (Appointed 14 November 2012)	\$3,000.00
Trevor Leigh Waring (Resigned 8 August 2013)	\$3,000.00
Eileen Margaret Connon Haw (Resigned 6 September 2012)	-

Fees and payments to directors reflect the demands which are made on and the responsibilities of the directors. Directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of remaining directors.

* Erica Janice Mounter was eligible for remuneration, but chose not receive it.

Key management personnel compensation is disclosed in Note 19 to the financial statements.

Options issued as part of remuneration for the year ended 30 June 2013

No options have been issued as part of remuneration for the year ended 30 June 2013.

Employment Contracts of Directors

There are no employment contracts for Directors.

Remuneration of Executives

Remuneration package paid to the Senior Manager of the Company for the year ended 30 June 2013 was in the range \$105,000.00 - \$130,000.00 (2012: \$105,000 to \$130,000).

Manningham Community Enterprises Limited has accepted the **Community Bank**[®] Directors' Privileges package. The package is available to all directors who can elect to avail themselves of the benefits based on their personal banking with the Manningham **Community Bank**[®] branch. There is no requirement to own Bendigo and Adelaide Bank Limited shares and there is no qualification period to qualify to utilise the benefits. The package mirrors the benefits currently available to Bendigo and Adelaide Bank shareholders. The Directors have estimated the total benefits received from the Directors' Privilege Package to be \$15 for the year ended 2013.

For the year ended 30 June 2013, the directors received total benefits of:

	Amount \$
Geoffrey Bruce Roberts	-
Erica Janice Mounter	-
Raymond Thomas Lord	-
James Douglas Christie RFD	-
Raymond Bruce Barrington	-
Daryl Lindsay George Brown	-
Keith Crothers	-

Directors' report (continued)

Remuneration Report (continued)

Directors' Fees (continued)

	Amount \$
Heather Elizabeth Herbert	-
Ian Graham Goldsmith	-
Nicola Christine White	15
Trevor Leigh Waring	-
Eileen Margaret Connon Haw	-
Total	15

Dividends

	Year Ended 30 June 2013	
	Cents	\$
Dividend declared and paid during the period:	9	194,441

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 statements.

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 except as disclosed in note 19 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' report (continued)

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.

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.

Directors' Meetings

The number of directors' meetings attended by each of the directors of the company during the year were:

Director	Board Meetings Attended		Committee Meetings Attended													
			Finance/Director Remuneration		Human Resources		Marketing & Sponsorship		Community Enterprise Foundation™		Strategic Planning/Policy Governance & Succession Planning		Youth Engagement & Cultural Diversity		Council Liaison	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B
Geoffrey Bruce Roberts	11	10	2	2	2	2	11	8	4	4	3	3	10	6	11	8
Erica Janice Mounter	11	11	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Raymond Thomas Lord	11	10	1	0	2	2	11	11	4	4	3	2	4	4	5	4
James Douglas Christie RFD	11	10	1	1	-	-	-	-	4	3	3	3	-	-	-	-
Raymond Bruce Barrington	11	10	-	-	2	2	11	9	-	-	-	-	10	9	5	5
Daryl Lindsay George Brown	11	9	-	-	-	-	-	-	-	-	-	-	-	-	11	11
Keith Crothers	11	9	-	-	2	2	-	-	4	4	3	3	-	-	-	-
Heather Elizabeth Herbert	11	11	-	-	-	-	-	-	4	4	-	-	10	9	-	-
Ian Graham Goldsmith (Appointed 14 November 2012)	9	9	2	2	-	-	-	-	-	-	-	-	-	-	-	-
Nicola Christine White (Appointed 14 November 2012)	9	8	2	2	2	2	-	-	-	-	-	-	-	-	-	-
Trevor Leigh Waring (Resigned 8 August 2013)	11	10	-	-	-	-	11	10	-	-	-	-	10	10	-	-
Eileen Margaret Connon Haw (Resigned 6 September 2012)	3	3	-	-	-	-	-	-	-	-	-	-	-	-	-	-

A - eligible to attend B - number attended

Directors' report (continued)

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 APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a 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 21.

Signed in accordance with a resolution of the board of directors at Doncaster East, Victoria on 2 September 2013.



Raymond Thomas Lord,
Company Secretary



Erica Janice Mounter,
Deputy Chairman

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Manningham 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 2013 there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to read 'David Hutchings', is written over a faint, light-colored signature line.

David Hutchings
Andrew Frewin Stewart
61 Bull Street, Bendigo Vic 3550

Dated: 2 September 2013

Liability limited by a scheme approved under Professional Standards Legislation. ABR-11061791317.

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	4	2,126,374	2,053,008
Employee benefits expense		(913,115)	(778,632)
Charitable donations, sponsorship, advertising and promotion		(345,146)	(668,077)
Occupancy and associated costs		(243,987)	(229,341)
Systems costs		(85,524)	(78,438)
Depreciation and amortisation expense	5	(61,004)	(64,076)
Finance costs	5	(92)	(24)
General administration expenses		(215,967)	(197,482)
Profit before income tax expense		261,539	36,938
Income tax expense	6	(79,621)	(2,816)
Profit after income tax expense		181,918	34,122
Total comprehensive income for the year		181,918	34,122
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	8.42	1.58

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	692,569	630,749
Trade and other receivables	8	171,251	201,672
Current tax assets		-	36,659
Total Current Assets		863,820	869,080
Non-Current Assets			
Property, plant and equipment	9	381,870	404,022
Intangible assets	10	120,562	47,840
Deferred tax assets	11	25,416	19,915
Financial assets		10,000	10,000
Total Non-Current Assets		537,848	481,777
Total Assets		1,401,668	1,350,857
LIABILITIES			
Current Liabilities			
Trade and other payables	12	93,426	83,121
Current tax liabilities	11	23,702	-
Provisions	13	91,370	63,095
Total Current Liabilities		208,498	146,216
Non-Current Liabilities			
Provisions	13	5,954	4,902
Total Non-Current Liabilities		5,954	4,902
Total Liabilities		214,452	151,118
Net Assets		1,187,216	1,199,739
Equity			
Issued capital	14	1,138,759	1,138,759
Retained earnings	15	48,457	60,980
Total Equity		1,187,216	1,199,739

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the Year Ended 30 June 2013

	Issued Capital \$	Retained Earnings \$	Total Equity \$
Balance at 1 July 2011	1,138,759	199,695	1,338,454
Total comprehensive income for the year	-	34,122	34,122
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(172,837)	(172,837)
Balance at 30 June 2012	1,138,759	60,980	1,199,739
Balance at 1 July 2012	1,138,759	60,980	1,199,739
Total comprehensive income for the year	-	181,918	181,918
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	(194,441)	(194,441)
Balance at 30 June 2013	1,138,759	48,457	1,187,216

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from customers		2,295,158	2,173,752
Payments to suppliers and employees		(1,936,617)	(2,106,461)
Interest received		34,147	48,155
Interest paid		(92)	(24)
Income taxes paid		(24,761)	(35,303)
Net cash provided by operating activities	16	367,835	80,119
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(12,023)	(11,139)
Payment of intangible assets		(99,551)	-
Loans advanced		-	(10,000)
Net cash used in investing activities		(111,574)	(21,139)
Cash Flows From Financing Activities			
Dividends paid		(194,441)	(172,837)
Net cash used in financing activities		(194,441)	(172,837)
Net increase/(decrease) in cash held		61,820	(113,857)
Cash and cash equivalents at the beginning of the financial year		630,749	744,606
Cash and cash equivalents at the end of the financial year	7(a)	692,569	630,749

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standard Boards and the Corporations Act 2001. The company is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

These financial statements and notes comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. These areas involving a higher degree of judgement or complexities, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Historical cost convention

The financial statements have been prepared under the historical cost convention 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.

Comparative figures

Where required by Australian Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

Adoption of new and revised Accounting Standards

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. Amendments made to AASB 101 Presentation of Financial Statements effective 1 July 2012 now require the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met. This amendment has not affected the presentation of the statement of comprehensive income of the company in the current period and is not likely to affect future periods.

The company has not elected to apply any pronouncements before their mandatory operative date in the annual reporting period beginning 1 July 2012.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branches at Doncaster East and Templestowe, Victoria.

The branch operates as a franchise of Bendigo and Adelaide Bank Limited, using the name “Bendigo Bank” and the logo and system of operations of Bendigo and Adelaide Bank Limited. The company manages the **Community Bank**[®] branch on behalf of Bendigo and Adelaide Bank Limited, however all transactions with customers conducted through the **Community Bank**[®] branches are effectively conducted between the customers and Bendigo and Adelaide Bank Limited.

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, 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 and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch 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 in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- 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; and
- sales techniques and proper customer relations.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. 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. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

The franchise agreement with Bendigo and Adelaide Bank Limited provides for three types of revenue earned by the company. First, the company is entitled to 50% of the monthly gross margin earned by Bendigo and Adelaide Bank Limited on products and services provided through the company that are regarded as “day to day” banking business (ie ‘margin business’). This arrangement also means that if the gross margin reflects a loss (that is, the gross margin is a negative amount), the company effectively incurs, and must bear, 50% of that loss.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (i.e. 'commission business'). The commission is currently payable on various specified products and services, including insurance, financial planning, common fund, Sandhurst Select, superannuation, commercial loan referrals, products referred by Rural Bank, leasing referrals, fixed loans and certain term deposits (>90 days). The amount of commission payable can be varied in accordance with the Franchise Agreement (which, in some cases, permits commissions to be varied at the discretion of Bendigo and Adelaide Bank Limited). This discretion has been exercised on several occasions previously. For example in February 2011 and February 2013 Bendigo and Adelaide Bank Limited reduced commissions on two core banking products to ensure a more even distribution of income between Bendigo and Adelaide Bank Limited and its **Community Bank**[®] partners. The revenue share model is subject to regular review to ensure that the interests of Bendigo and Adelaide Bank Limited and **Community Bank**[®] companies remain balanced.

The third source of revenue is a proportion of the fees and charges (ie, what are commonly referred to as 'bank fees and charges') charged to customers. This proportion, determined by Bendigo and Adelaide Bank Limited, may vary between products and services and may be amended by Bendigo and Adelaide Bank Limited from time to time.

c) 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 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 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 entity intends to settle its tax assets and liabilities on a net basis.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the statement of comprehensive income, 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.

d) 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.

e) Cash and Cash Equivalents

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.

f) 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.

g) 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)

h) Intangibles

The franchise fee paid to Bendigo and Adelaide Bank Limited has been recorded at cost and is amortised on a straight line basis over the life of the franchise agreement.

i) Payment Terms

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

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transaction costs. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Classification and subsequent measurement

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost using the effective interest rate method.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

m) 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.

n) 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.

o) 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.

p) 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 from 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 taxation authority are classified as operating cash flows.

Notes to the financial statements (continued)

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 and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide 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 and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

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

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

(i) the distribution limit is the greater of:

(a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and

(b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

(ii) 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%.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

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 year ended 30 June 2013 can be seen in the statement of comprehensive income.

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

Note 3. 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.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Taxation

Judgement is required in assessing whether deferred tax assets and certain tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from un-recouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales volumes, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amount of recognised deferred tax assets and liabilities may require adjustment, resulting in corresponding credit or charge to the statement of comprehensive income.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience and the condition of the asset is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired branch/agency at the date of acquisition. Goodwill on acquisition is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses.

The calculations require the use of assumptions.

Impairment of assets

At each reporting date, the company reviews the carrying amounts of its tangible and intangible assets that have an indefinite useful life to determine whether there is any indication that 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 the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

	2013	2012
	\$	\$

Note 4. Revenue from Ordinary Activities

Operating activities:

- gross margin	1,427,206	1,334,583
- services commissions	433,493	432,025
- other revenue	242,411	240,483
Total revenue from operating activities	2,103,110	2,007,091

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 4. Revenue from Ordinary Activities (continued)		
Non-operating activities:		
- interest received	23,264	45,917
Total revenue from non-operating activities	23,264	45,917
Total revenues from ordinary activities	2,126,374	2,053,008

Note 5. Expenses

Depreciation of non-current assets:

- plant and equipment	12,116	11,040
- leasehold improvements	17,708	18,923
- motor vehicles	4,351	4,332

Amortisation of non-current assets:

- franchise agreement	3,480	4,296
- establishment fee	10,500	14,000
- franchise renewal fee	12,849	11,485
	61,004	64,076

Finance costs:

- interest paid	92	24
Loss on disposal of non-current assets	-	951
Bad debts	633	229

Note 6. Income Tax Expense

The components of tax expense comprise:

- Current tax	86,172	23,584
- Future income tax benefit attributed to losses	-	-
- Movement in deferred tax	(5,501)	(8,131)
- Recoupment of prior year tax loss	-	-
- Adjustments to tax expense of prior periods	(1,050)	(12,637)
	79,621	2,816

Notes to the financial statements (continued)

	Note	2013 \$	2012 \$
Note 6. Income Tax Expense (continued)			
The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Operating profit		261,539	40,437
Prima facie tax on profit from ordinary activities at 30%		78,462	12,131
Add tax effect of:			
- non-deductible expenses		3,687	4,800
- timing difference expenses		5,501	8,131
- other deductible expenses		(1,478)	(1,478)
		86,172	23,584
Movement in deferred tax	11	(5,501)	(8,131)
Adjustments to tax expense of prior periods		(1,050)	(12,637)
		79,621	2,816

Note 7. Cash and Cash Equivalents

Cash at bank and on hand	178,931	88,761
Term deposits	495,763	524,113
Security deposit	17,875	17,875
	692,569	630,749

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

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	178,931	88,761
Term deposits	495,763	524,113
Security deposit	17,875	17,875
	692,569	630,749

Note 8. Trade and Other Receivables

Trade receivables	153,242	168,542
Other receivables and accruals	2,206	13,089
Prepayments	15,803	20,041
	171,251	201,672

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Property, Plant and Equipment		
Plant and equipment		
At cost	153,891	153,039
Less accumulated depreciation	(88,553)	(78,353)
	65,338	74,686
Leasehold improvements		
At cost	379,558	370,366
Less accumulated depreciation	(86,647)	(68,982)
	292,911	301,384
Motor vehicles		
At cost	34,644	34,645
Less accumulated depreciation	(11,023)	(6,693)
	23,621	27,952
Total written down amount	381,870	404,022
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	74,686	85,868
Additions	2,768	809
Disposals	-	-
Less: depreciation expense	(12,116)	(11,991)
Carrying amount at end	65,338	74,686
Leasehold improvements		
Carrying amount at beginning	301,384	309,977
Additions	9,235	10,330
Disposals	-	(951)
Less: depreciation expense	(17,708)	(17,972)
Carrying amount at end	292,911	301,384
Motor vehicles		
Carrying amount at beginning	27,952	32,283
Additions	-	-
Disposals	-	-
Less: depreciation expense	(4,331)	(4,331)
Carrying amount at end	23,621	27,952
Total written down amount	381,870	404,022

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 10. Intangible Assets		
Franchise fee		
At cost	101,138	81,484
Less: accumulated amortisation	(79,218)	(75,136)
	21,920	6,348
Establishment fee		
At cost	46,063	70,000
Less: accumulated amortisation	(46,063)	(36,166)
	-	33,834
Renewal processing fee		
At cost	161,258	57,425
Less: accumulated amortisation	(62,616)	(49,767)
	98,642	7,658
Total written down amount	120,562	47,840

Note 11. Tax

Current:

Income tax payable/(refundable)	23,702	(36,659)
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Non-Current:

Deferred tax assets		
- accruals	1,621	7,955
- Under/over provision in respect to prior years	-	-
- employee provisions	29,198	20,400
	30,819	28,355
Deferred tax liability		
- accruals	(662)	3,927
- deductible prepayments	(4,741)	4,513
	(5,403)	8,440
Net deferred tax asset	25,416	19,915
Movement in deferred tax charged to statement of comprehensive income	(5,501)	(8,131)

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 12. Trade and Other Payables		
Trade creditors	53,494	45,249
Other creditors and accruals	39,932	37,872
	93,426	83,121

Note 13. Provisions

Current:

Provision for annual leave	49,618	33,546
Provision for long service leave	41,752	29,549
	91,370	63,095

Non-Current:

Provision for long service leave	5,954	4,902
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Note 14. Contributed Equity

2,160,461 Ordinary shares fully paid (2012: 2,160,461)	1,185,461	1,185,461
Less: equity raising expenses Doncaster East	(22,075)	(22,075)
Less: equity raising expenses Templestowe	(24,627)	(24,627)
	1,138,759	1,138,759

* 975,000 Bonus Shares were issued on 30 September 2009.

Rights attached to shares

(a) Voting rights

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

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

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

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Rights attached to shares (continued)

(b) 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 and Adelaide Bank Limited 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).

(c) 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.

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 346. As at the date of this report, the company had 374 shareholders.

As with voting rights, the purpose of this prohibited shareholding provision is to reflect the community-based nature of the company.

Where a person has a prohibited shareholding interest, the voting and dividend rights attaching to the shares in which the person (and his or her associates) have a prohibited shareholding interest, 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.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 15. Retained Earnings		
Balance at the beginning of the financial year	60,980	199,695
Net profit from ordinary activities after income tax	181,918	34,122
Dividends paid or provided for	(194,441)	(172,837)
Balance at the end of the financial year	48,457	60,980

Note 16. Statement of Cashflows

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

Profit from ordinary activities after income tax	181,918	34,122
Non cash items:		
- depreciation	34,175	34,295
- amortisation	26,829	29,781
- loss on disposal of non-current assets	-	951
Changes in assets and liabilities:		
- (increase)/decrease in receivables	30,421	(23,229)
- (increase)/decrease in current tax assets	31,158	(24,356)
- (increase)/decrease in deferred tax assets	23,702	(8,131)
- increase in payables	10,305	34,618
- increase in provisions	29,327	2,068
Net cashflows provided by operating activities	367,835	80,119

Note 17. Leases

Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable - minimum lease payments		
- not later than 12 months	188,128	104,608
- between 12 months and 5 years	365,551	99,459
- greater than 5 years	-	-
	553,679	204,067

The property leases on both properties are both non-cancellable leases with a five-year term, with rent payable monthly in advance.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 18. Auditor's Remuneration		
Amounts received or due and receivable by the auditor of the company for:		
- audit and review services	4,950	4,500
- share registry services	2,847	3,910
- non audit services	3,921	4,090
	11,718	12,500

Note 19. Director and Related Party Disclosures

The names of directors who have held office during the financial year and their remuneration including superannuation, as follows:

Geoffrey Bruce Roberts	7,000	6,600
Erica Janice Mounter*	-	-
Raymond Thomas Lord	4,750	4,900
James Douglas Christie RFD	4,750	-
Raymond Bruce Barrington	4,750	3,500
Daryl Lindsay George Brown	4,750	4,900
Keith Crothers	4,750	4,900
Heather Elizabeth Herbert	4,750	4,900
Ian Graham Goldsmith (Appointed 14 November 2012)	-	-
Nicola Christine White (Appointed 14 November 2012)	3,000	-
Trevor Leigh Waring (Resigned 8 August 2013)	3,000	3,500
Eileen Margaret Connon Haw (Resigned 6 September 2012)	-	4,900

Fees and payments to directors reflect the demands which are made on and the responsibilities of the directors. Directors' fees are reviewed annually by the Board. The Chairman's, Secretary's and Treasurer's fees are determined independently to the fees of remaining directors.

* Erica Janice Mounter was eligible for remuneration, but chose not receive it.

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

Transactions with related parties:

Barrington's of Doncaster, a retail florist operated by Raymond Bruce Barrington supplied goods and services to the value of	907	-
Raymond Thomas Lord performed marketing and consultancy services to the value of	17,380	14,780
Nicola Christine White performed bookkeeping services to the value of	11,935	9,680

Notes to the financial statements (continued)

Note 19. Director and Related Party Disclosures (continued)

Directors Shareholdings	2013	2012
Geoffrey Bruce Roberts	5,000	5,000
Erica Janice Mounter	17,001	17,001
Raymond Thomas Lord	6,251	6,251
James Douglas Christie RFD	25,001	25,001
Raymond Bruce Barrington	7,501	7,501
Daryl Lindsay George Brown	8,000	8,000
Keith Crothers	17,500	17,500
Heather Elizabeth Herbert	7,000	7,000
Ian Graham Goldsmith (Appointed 14 November 2012)	-	-
Nicola Christine White (Appointed 14 November 2012)	-	-
Trevor Leigh Waring (Resigned 8 August 2013)	71,751	66,751
Eileen Margaret Connon Haw (Resigned 6 September 2012)	5,000	5,000

There was no movement in directors' shareholdings during the year.

	2013	2012
	\$	\$

Note 20. Dividends Paid or Provided

a. Dividends paid during the year

100% (2012: 100%) franked dividend - 9 cents (2012: 8 cents) per share	194,441	172,837
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The tax rate at which dividends have been franked is 30% (2012: 30%).

b. Franking account balance

Franking credits available for subsequent reporting periods are:		
- franking account balance as at the end of the financial year	103,311	161,880
- franking credits/(debits) that will arise from payment/(refund) of income tax as at the end of the financial year	20,944	(34,264)
- franking debits that will arise from the payment of dividends recognised as a liability at the end of the financial year	-	-
Franking credits available for future financial reporting periods:	124,255	127,616

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 20. Dividends Paid or Provided (continued)		
b. Franking account balance (continued)		
- franking debits that will arise from payment of dividends proposed or declared before the financial report was authorised for use but not recognised as a distribution to equity holders during the period	-	-
Net franking credits available	124,255	127,616

Note 21. Earnings Per Share

(a) Profit attributable to the ordinary equity holders of the company used in calculating earnings per share	181,918	34,122
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	2,160,461	2,160,461

Note 22. 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.

Note 23. Contingent Liabilities

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

Note 24. Segment Reporting

The economic entity operates in the service sector where it facilitates **Community Bank®** services in Doncaster East and Templestowe, Victoria pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 25. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
900 - 902 Doncaster Road	900 - 902 Doncaster Road
Doncaster East VIC 3109	Doncaster East VIC 3109
	128 James Street
	Templestowe VIC 3106

Notes to the financial statements (continued)

Note 26. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. 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 balance sheet 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.

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					
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 %	2012 %
Financial Assets												
Cash and cash equivalents	178,431	88,261	513,638	541,988	-	-	-	-	500	500	3.37	5.27
Receivables	-	-	-	-	-	-	-	-	153,241	168,542	N/A	N/A
Financial Liabilities												
Payables	-	-	-	-	-	-	-	-	88,022	56,605	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Manningham 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 2013 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 AASB124 Related Party Disclosures and the Corporations Regulations 2001.

This declaration is made in accordance with a resolution of the board of directors.



**Raymond Thomas Lord,
Company Secretary**



**Erica Janice Munter,
Deputy Chairman**

Signed on the 2nd of September 2013.

Independent audit report



Independent auditor's report to the members of Manningham Community Enterprises Limited

Report on the financial report

We have audited the accompanying financial report of Manningham Community Enterprises Limited, which comprises the balance sheet as at 30 June 2013, statement of comprehensive income, 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 directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and 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 fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

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.

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 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

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. ABR: 31 261 790 317.

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Independent audit report (continued)

Independence

In conducting our audit we have complied with 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 directors' report.

Auditor's opinion on the financial report

In our opinion:

- 1) The financial report of Manningham Community Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year then ended and complying with Australian Accounting Standards and the Corporations Regulations 2001.
- 2) The financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Report on the remuneration report

We have audited the remuneration report included in the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Manningham Community Enterprises Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 2 September 2013

NSX report

Share Information

In accordance with Bendigo Stock Exchange listing rules the company provides the following information as at September 5 2013, which is within six weeks of this report being sent to shareholders.

The following table shows the number of shareholders, broken into various categories showing the total number of shares held.

Number of shares held	Number of shareholders	Number of shares held
1 to 1,000	53	\$32,707
1,001 to 5,000	205	\$591,253
5,001 to 10,000	41	\$330,750
10,001 to 100,000	68	\$1,205,751
100,001 and over	0	0
Total shareholders	367	\$2,160,461

Each of the above shareholders are entitled to one vote, irrespective of the number of shares held.

There are no substantial shareholders (holding more than five per cent of voting rights) as each shareholder is entitled to one vote. Normally holding more than five percent of total issued shares would create a substantial shareholder, but this is not applicable due to the voting restrictions for the company.

There are 10 shareholders holding less than a marketable parcel of shares (\$500 in value).

There are no restricted securities on issue.

All shares on issue are ordinary shares fully paid to \$1 per share. There are no unquoted equity securities.

The following table shows the 10 largest shareholders

Shareholder	Number of fully paid shares held	Percentage of issued capital
Reloade Pty Ltd <Salmon Superfund a/c>	79,500	3.68%
Thomas Leigh Pty Ltd <The Waring Family Superannuation Fund>	67,751	3.14%
Northern Suburbs Secretarial Services Pty Ltd <Juleton a/c>	48,500	2.24%
Mr Richard Everritt Thorne	43,250	2%
John Alexander Kent <Estate John Kent a/c> ,	37,500	1.74%
Winpar Holdings Limited	35,750	1.65%
Russell Breadmore & Lynne Breadmore <R & L Breadmore Superfund a/c>	35,000	1.62%
Mrs Philomena Ann Bangham	25,000	1.16%

NSX report (continued)

The following table shows the 10 largest shareholders (continued)

Shareholder	Number of fully paid shares held	Percentage of issued capital
Mr James Douglas Christie & Mrs Deborah Anne Christie <Christie Super Fund a/c>	25,000	1.16%
Judy Anne Tutty & Marcus James Tutty	25,000	1.16%

Registered Office and Principal Administrative Office

The registered office of the company is located at:

900 Doncaster Road,
Doncaster East Victoria 3109
Telephone: (03) 9840 2028

The principal administrative office of the company is located at:

900 Doncaster Road,
Doncaster East Victoria 3109
Telephone: (03) 9840 2028

Security Register

The security register (share register) is kept at:

AFS & Associates
61 – 65 Bull Street,
Bendigo VIC 3550
Telephone: (03) 5443 5304

Company Secretary

Ray Lord was elected Company Secretary of Manningham Community Enterprises Limited on September 10 2012. Ray is a founding Director of MCEL, he was the first Company Secretary and was Chairman between 2007 and 2010.

Corporate governance

The company has implemented various corporate governance practices, which include:

- (a) The establishment of an audit committee. Members of the audit committee are Ian Goldsmith, Erica Mounter, Jim Christie, Nicky White, Geoff Roberts and Ray Lord.
- (b) Director approval of operating budgets and monitoring of progress against these budgets; A very proactive Strategic Planning committee;
- (c) Ongoing Director training; and
- (d) Monthly Director meetings to discuss performance and strategic plans.

NSX report (continued)

Annexure 3A

There are no material differences between the information in the company's Annexure 3A and the information in the financial documents in its annual report.

Five Year summary of performance

	2009 \$	2010 \$	2011 \$	2012 \$	2013 \$
Net profit before tax	\$251K	\$159.4K	\$249.2K	\$36.9K	\$261.5K
Total assets	\$851K	\$1,455M	\$1.453M	\$1.351M	\$1.402M
Total liabilities	\$112.6K	\$161.8K	\$114.4K	\$151.1K	\$214.4K
Total equity	\$721K	\$1.279M	\$1.338M	\$1.2M	\$1.187M



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