Annual Report 2014

Mansfield & District Community Enterprises Ltd

ABN 92 124 069 914

Mansfield & District **Community Bank**® Branch

Contents

Chairman's report

For year ending 30 June 2014

Thanks to the support of **Community Bank**® customers and shareholders, the Australia-wide network has now returned more than $122 million to support and strengthen local communities.

This year the **Community Bank**® network celebrated the opening of its 305th branch in Penola, South Australia, 16 years after the **Community Bank**® concept was born in the western Victorian farming townships of Rupanyup and Minyip in 1998. These branches join a robust and maturing banking network, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

The Mansfield & District **Community Bank**® Branch has played a key role in these milestones, returning over $45,000 to our local community over the year, with a further $30,000 in dividends to our local shareholders. Our **Community Bank**® branch depends on our stakeholders for its success.

We are grateful to our Directors who contribute their talents and time to the task of managing the company. During the year we welcomed Geoff Doyle, and more recently, Janene Ridley and Amy Chandler. Geoff is a retired businessman who has provided valuable input to our Development Committee. Janene needs no introduction to the people of Mansfield and brings a wide range of skills to the task, particularly in the area of governance and strategic thinking. Amy is a local Accountant who has accepted the challenging role of Company Treasurer. She replaces Mandy Kynnersley in this role. Mandy has put in an enormous amount of time and energy over the past two years, and we are fortunate that she will continue to contribute her talents to the Board.

Our staff are the public face of the branch who deliver the front-line banking services and build mutually beneficial relationships with customers and the community. During the year Manager Vanessa Skinner departed after a long period of leave. During her absence, Adam Osmani stepped up as Acting Manager. The Board expresses its appreciation for his efforts over a period of more than six months. Adam has recently left the branch to work with another **Community Bank**® branch in Melbourne, and while this is much regretted, the Board wishes him well and recognises the valuable career development opportunity he is taking up. Matthew Currie joined us as Branch Manager in late January, and with the benefit of a full complement of staff, has provided leadership and renewed growth to the branch. We are delighted to have secured someone with Matt's energy and skills to the role, and are pleased with the way he and his family are settling into our town.

Our branch has a close working relationship with our partners Bendigo and Adelaide Bank Limited. Our branch staff are regularly provided with training and support by a wide range of Bendigo Bank personnel. We particularly appreciate the support provided by Regional Manager Mark Brown and his regional support team. After some 15 years of operation, the Bendigo Bank are undertaking a review of the **Community Bank**® model in consultation with the **Community Bank**® network. This is a chance to examine the strengths and weaknesses of the model and to build a shared vision for future long-term success regardless. We are pleased that long-serving local Director Maz Dowling has taken a key role in the review and provided an excellent channel for our Board input.

As with any organisation our customers are central to our business. The Board greatly appreciate the trust and confidence that our customers invest in our branch. Despite a difficult period with staffing, we have experienced our customers to be supportive and faithful. The Board rededicates itself to growing our business by providing first class banking products and service.

Chairman's report (continued)

Supporting our local community is the very reason for our existence. The profits generated by the operation of our **Community Bank**® branch are ploughed back into local community organisations. Our primary channel for this is through our twice-yearly community funding rounds. We never cease to be amazed by the variety and quality of projects competing for assistance. The Board is careful to rigorously test these submissions against our funding criteria, but unfortunately we are only able to fund a selection of worthy projects. We value the partnerships we form with our funding recipients and take pride in the fact that community grants and sponsorships have made a significant difference to a number of local organisations including Mansfield Arts Council, Mansfield District Football Club, Bindaree Ladies Auxiliary, and Mansfield Agricultural & Pastoral Society over the past year.

Finally, and in closing I would like to recognise and thank our shareholders without whom our **Community Bank**® branch would just be a good idea. Through their encouragement and financial investment they have provided the means to achieve the **Community Bank**® branch's vision in Mansfield. The Board, and indeed the **Community Bank**® network are acutely conscious of the difficulty that those no longer wishing to remain shareholders have in selling their shares, and continue to seek ways to address this problem. While the **Community Bank**® branch's vision has never been about financial returns to shareholders, the Board is pleased that it has been able to provide a modest return to shareholders for the third year running, and consistent with prudent management of resources hopes to be able to continue to do so in the future.

Yours sincerely,

Tim Ross
Chairman

Manager's report

For year ending 30 June 2014

The financial year 2013/14 has been a year full of challenges and one of change for the Mansfield & District **Community Bank**® Branch.

The biggest change was when the branch said goodbye to its long-time Branch Manager, Vanessa Skinner. I'd like to take this opportunity to thank Vanessa for her hard work and dedication, and for leaving the branch in a strong position for continued success. I would also like to take this opportunity to thank the staff (Adam, Jess, Nick and Terri) for upholding our values and strong customer service during the 6-8 month period the branch was without a Manager. I would especially like to thank Adam for stepping up and filling the void during this time. He did an exceptional job under difficult circumstances.

The branch is now almost seven years old, and we finished off the 2014 financial year with total business of $87.7 million. This result reflects the tough economic climate that we have been operating in, but also shows that there is room for growth with renewed strategy and focus.

The branch has now grown to just over 1,700 customers which is fantastic, and shows that the branch is well supported by the local community.

It is with the support of our customers, shareholders, staff and Board members that the branch has been able to invest over $340,000 in grants and sponsorship back into our local community. Some of the recipients for this year include the Bonnie Doon Football Netball Club, Mansfield Arts Council, MADEC, Jamieson Autumn Festival, Bindaree and also the Deakin Allen Marj Coombs Children's Welfare Trust. This is a fantastic result and shows what the **Community Bank**® model is all about. The staff have also continued to participate in Meals on Wheels, and again organised the local RSPCA Million Paws Walk which raised $1,400 for the RSPCA.

Finally, I would like to thank you for the opportunity to join the fantastic team here at the Mansfield & District **Community Bank**® Branch. Mansfield is a wonderful town and has been great in including and accepting my family and I into the community. It has been a privilege to lead this team, and I hope to do so for many years to come.

Thank you for your continued support.

Matthew Currie
Branch Manager

Directors' report

For the financial year ended 30 June 2014

Your Directors present their report of the company for the financial year ended 30 June 2014. The information in the preceding operating and financial review forms part of this Directors' report for the financial year ended 30 June 2014 and is to be read in conjunction with the following information:

Directors

The following persons were Directors of Mansfield & District Community Enterprises Limited during or since the end of the financial year up to the date of this report:

Name and position held	Qualifications	Experience and other Directorships
Timothy Ross Chairman Appointed August 2012	BBusCom CPA	Director & Hon Treasurer, Beolite Village Ltd Independent Member, Mansfield Shire Audit Committee Accountant (Public Practice)
Marian Dowling Director / Vice Chairman Board member since 2007	Directors Course, AICD	Mentor, Bendigo and Adelaide Bank Limited; Graduate, Alpine Valleys Community Leadership Program Graduate, Rural Women's Governance Leadership Program Member, Australian Institute of Company Directors Principal Partner, Bella Vista Garden Design
Haley Tudor-Harrop Director/Secretary Board member since 2008	BBus (Acc) CA GAICD	Treasurer, MACE Graduate & Member - AICD Accountant (Public Practice)
Noel Willaton Director Board member since 2007	Directors Course, AICD	Previously Managing Director of A1 Concrete
Travis Mullavey Director Board member since 2012 Resigned 12 November 2013	BSocSc (Info Mgt) Dip Bus	Dealer Principal, Benalla & Mansfield Toyota
Michael Irwin Director Board member since 2012 Resigned 28 Feb 2014	BA(Econ)	Trustee of Friday foundation 2007-2008 Member of Mansfield Hospital Board 2005- 2008 Councillor at Nillumbik Shire 2002- 2004 President of Eltham rotary 2000-2001 Managing Director of Software Intelligence Pty Ltd1986 to 2001

Directors (continued)

Name and position held	Qualifications	Experience and other Directorships
Mandy Kynnersley Director / Treasurer Appointed August 2012	BBus (Acc) CA	Director, D&C Kynnersley Builders Pty Ltd Director, Kynobi Learning Pty Ltd (Bricks 4 Kidz Mansfield) Member, Australian Institute of Company Directors
Joanne McInnes Director Appointed January 2013 Resigned 23 August 2013		Online Marketing and Advertising Strategist Director, Graph Attack Pty Ltd - Advertising, Design and Promotions Company Since 1989 Director, Yarck Hotel - MMM Management Pty Ltd Director, Tourism Channel Pty Ltd
Geoffrey Doyle Board Member Appointed 26 July 2013	Graduate Dip Bus Diploma of Marketing	Group Leader Scouts (retired)
Janene Ridley Board Member Appointed 25 July 2014	BA RN MHSM GAICD	Director - MACE Director - IJ & JAM Ridley Family Trust Graduate & Member - AICD Member - Women on Boards Member - Strenghtening Health Services Governance Committee (Hume & Lodden Mallee) Member - Executive Committee Hume Rural Health Alliance (IT) Chair - Hume Region Chronic Care Strategy Committee (Dept of Health) CEO - Mansfield District Hospital
Amy Chandler Board Member Appointed 25 July 2014	BBus (Acc) CPA	Accountant (Public Practice) Treasurer - Mansfield Football Netball Club Partner - Connections BMX

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

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

Principal activities

The principal activities of the company during the course of the financial year were in providing **Community Bank**® services under management rights to operate a franchised branch of Bendigo and Adelaide Bank Limited.

Review of operations

The profit of the company for the financial year after provision for income tax was $90,257 (2013 profit $62,969), which is a 33% increase as compared with the previous year.

The net assets of the company have increased to $478,141 (2013: $418,110). The increase is largely due to a temporary reduction in staff costs, combined with a conscious retention of cash.

Dividends

	Year ended 30 June 2014	
	Cents per share	$
Dividends paid/provided in the year (final dividend):	4	30,226

Significant changes in the state of affairs

No significant changes in the company's state of affairs occurred during the financial year.

Events subsequent to reporting date

On the 22nd August, 2014 the Board resolved to pay a 4 cent dividend to shareholders.

The dividend is to be paid to shareholders in December 2014

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

Remuneration report

Remuneration policy

There has been no remuneration policy developed as Director positions are held on a voluntary basis and Directors are not remunerated for their services.

Remuneration benefits and payments

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

Indemnifying Officers or Auditor

The company has agreed to indemnify each Officer (Director, Secretary or employee) out of assets of the company to the relevant extent against any liability incurred by that person arising out of the discharge of their duties, except where the liability arises out of conduct involving dishonesty, negligence, breach of duty or the lack of good faith. The company also has Officers Insurance for the benefit of Officers of the company against any liability occurred by the Officer, which includes the Officer's liability for legal costs, in or arising out of the conduct of the business of the company or in or arising out of the discharge of the Officer's duties.

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.

Directors' meetings

The number of Directors' meetings held during the year were 11. Attendances by each Director during the year were as follows:

Director	Board meetings #	Audit & Governance committee meetings #	Development committee meetings #	Finance committee meetings #
Timothy Ross	9 (11)	0 (0)	N/A	11 (13)
Marian Dowling	9 (11)	0 (0)	1 (1)	N/A
Haley Tudor-Harrop	10 (11)	NA	N/A	13 (13)
Noel Willaton	10 (11)	NA	9 (10)	N/A
Travis Mullavey (resigned 12 Nov 2013)	0 (1)	N/A	0 (2)	N/A
Michael Irwin (resigned 28 Feb 2014)	3 (7)	N/A	3 (7)	N/A
Mandy Kynnersley	9 (11)	N/A	N/A	12 (13)
Joanne McInnes (resigned 23 Aug 2013)	0 (1)	N/A	N/A	N/A
Geoffrey Doyle (appointed 26 July 2013)	10 (11)	N/A	8 (11)	N/A

The first number is the meetings attended while in brackets is the number of meetings eligible to attend.
N/A - not a member of that Committee.

Likely developments

The company will continue its policy of providing banking services to the community.

Environmental regulations

The company is not subject to any significant environmental regulation. However, the Board believes that the company has adequate systems in place for the management of its environment requirements and is not aware of any breach of these environmental requirements as they apply to the company.

Proceedings on behalf of company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Company Secretary

Haley Tudor-Harrop has been the Company Secretary of Mansfield & District Community Enterprises Ltd since 2010.

Haley's qualifications are a BBus(Acc), CA and GAICD, and she previously held the Company Treasurer position for 4.5 years.

Directors' report (continued)

Non audit services

No non-audit services were provided by the Auditor during the year.

Auditor independence declaration

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set at page 10 of this financial report. No Officer of the company is or has been a partner of the Auditor of the company.

Signed in accordance with a resolution of the Board of Directors at Mansfield on 23 September 2014.

Timothy Ross
Director

Auditor's independence declaration

Richmond Sinnott & Delahunty
Chartered Accountants

Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552

Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of Mansfield & District Community Enterprises Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2014 there has been no contraventions of:

(i) the Auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

Kathie Teasdale
Partner
Bendigo
Dated at Bendigo, 23 September 2014

Financial statements

Statement of profit or loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	2014 $	2013 $
Revenue	2	692,954	714,614
Employee benefits expense	3	(264,564)	(295,671)
Depreciation and amortisation expense	3	(25,071)	(28,958)
Finance costs	3	(1,394)	(1,833)
Bad and doubtful debts expense	3	-	(3,383)
Rental expense		(38,975)	(38,455)
Other expenses		(187,311)	(221,216)
Operating profit before charitable donations & sponsorships		**175,639**	**125,098**
Charitable donations and sponsorships		(44,768)	(40,637)
Profit before income tax expense		**130,871**	**84,461**
Tax expense	4	40,614	21,492
Profit for the year		**90,257**	**62,969**
Other comprehensive income		-	-
Total comprehensive income		**90,257**	**62,969**
Profit attributable to members of the company		90,257	62,969
Total comprehensive income attributable to members of the company		**90,257**	**62,969**
Earnings per share (cents per share)			
- basic for profit for the year	24	11.94	8.33

The accompanying notes form part of these financial statements.

Statement of financial position
as at 30 June 2014

	Note	2014 $	2013 $
Assets			
Current assets			
Cash and cash equivalents	6	56,505	86,019
Trade and other receivables	7	74,442	84,218
Investments and other financial assets	8	230,496	68,925
Total current assets		**361,443**	**239,162**
Non-current assets			
Property, plant and equipment	9	90,239	99,975
Deferred tax asset	14	65,284	105,898
Intangible assets	10	43,922	57,766
Total non-current assets		**199,445**	**263,639**
Total assets		**560,888**	**502,801**
Liabilities			
Current liabilities			
Trade and other payables	11	44,628	42,331
Loans and borrowings	12	8,091	8,091
Provisions	13	15,169	15,711
Total current liabilities		**67,888**	**66,133**
Non current liabilities			
Loans and borrowings	12	8,746	15,443
Provisions	13	6,113	3,115
Total non current liabilities		**14,859**	**18,558**
Total liabilities		**82,747**	**84,691**
Net assets		**478,141**	**418,110**
Equity			
Issued capital	15	729,800	729,800
Accumulated losses	16	(251,659)	(311,690)
Total equity		**478,141**	**418,110**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2014

	Note	Issued capital $	Accumulated losses $	Total equity $
Balance at 1 July 2012		**729,800**	**(344,433)**	**385,367**
Total comprehensive income for the year		-	62,969	62,969
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(30,226)	(30,226)
Balance at 30 June 2013		**729,800**	**(311,690)**	**418,110**
Balance at 1 July 2013		**729,800**	**(311,690)**	**418,110**
Total comprehensive income for the year		-	90,257	90,257
Transactions with owners, in their capacity as owners				
Dividends paid or provided	25	-	(30,226)	(30,226)
Balance at 30 June 2014		**729,800**	**(251,659)**	**478,141**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2014

	Note	2014 $	2013 $
Cash flows from operating activities			
Receipts from customers		703,514	692,695
Payments to suppliers and employees		(534,249)	(589,257)
Interest paid		(1,394)	(1,833)
Interest received		3,792	2,296
Net cash provided by operating activities	**17**	**171,663**	**103,901**
Cash flows from investing activities			
Purchase of property, plant & equipment		(1,491)	(3,861)
Purchase of intangible assets		-	(69,221)
Purchase of investments and other financial assets		(161,571)	-
Proceeds from sale of investments		-	23,602
Net cash flows from/(used in) investing activities		**(163,062)**	**(49,480)**
Cash flows from financing activities			
Repayment of borrowings		(6,697)	(6,258)
Dividends paid		(31,418)	(27,538)
Net cash provided by/(used in) financing activities		**(38,115)**	**(33,796)**
Net increase/(decrease) in cash held		**(29,514)**	**20,625**
Cash and cash equivalents at beginning of financial year		86,019	65,394
Cash and cash equivalents at end of financial year	**6**	**56,505**	**86,019**

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Mansfield & District Community Enterprises Limited ('the company') is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue by the Directors on 23 September 2014.

Note 1. Summary of significant accounting policies

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The company is a for profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, were applicable, by the measurement at fair value of selected non current assets, financial assets and financial liabilities.

Economic dependency

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**® branches at Mansfield.

The branches operate 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**® branches 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 Managers and other employees in banking, management systems and interface protocol;
- Methods and procedures for the sale of products and provision of services;

Note 1. Summary of significant accounting policies (continued)

a) Basis of preparation (continued)

Economic dependency (continued)

- 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
- Sale techniques and proper customer relations.

(b) Income tax

The income tax expense / (income) for the year comprises current income tax expense / (income) and deferred tax expense / (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities/ (assets) are measured at the amounts expected to be paid to/(recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense/(income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled.

(c) Fair value of assets and liabilities

The company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the company would receive to sell an assets or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair value of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

Note 1. Summary of significant accounting policies (continued)

(c) Fair value of assets and liabilities (continued)

The fair value of the liabilities and the entity's own equity instruments may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted, and where significant, are detailed in the respective note to the financial statements.

(d) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses related to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are:

Class of asset	Depreciation rate
Leasehold improvements (straight line basis)	2.5%
Furniture & fittings	10 - 100%
Computer software	40%
Motor vehicle	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An assets' carrying amount is written down immediately to its recoverable amount if the assets' carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

Note 1. Summary of significant accounting policies (continued)

(e) Impairment of assets

At each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less cost to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

(f) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(g) Employee benefits

<u>Short-term employee benefits</u>

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

<u>Other long-term employee benefits</u>

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

The company's obligation for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(h) Intangibles

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum. The current amortisation charges for intangible assets are included under depreciation and amortisation expense per the Statement of Profit or Loss and Other Comprehensive Income.

Note 1. Summary of significant accounting policies (continued)

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are reported within short-term borrowings in current liabilities in the statement of financial position.

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.

(j) Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Revenue comprises service commissions and other income received by the company.

Interest, dividend and fee revenue is recognised when earned.

All revenue is stated net of the amount of goods and services tax (GST).

(k) Trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

(l) Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) New and amended accounting policies adopted by the company

Employee benefits

The company adopted AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) from the mandatory application date of 1 January 2013. The company has applied these Standards retrospectively in accordance with AASB 108: Accounting Policies, Changes in Accounting Estimates and Errors and the transitional provisions of AASB 119 (September 2011).

For the purpose of measurement, AASB 119 (September 2011) defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related services. In accordance with AASB 119 (September 2011), provisions for short-term employee benefits are measured at the (undiscounted) amounts expected to be paid to employees when the obligation is settled, whereas provisions that do not meet the criteria for classification as short-term (other long-term employee benefits) are measured at the present value of the expected future payments to be made to employees.

Note 1. Summary of significant accounting policies (continued)

(n) New and amended accounting policies adopted by the company (continued)

Employee benefits (continued)

As the company expects that all of its employees would use all of their annual leave entitlements earned during a reporting period before 12 months after the end of the reporting period, adoption of AASB 119 (September 2011) did not have a material impact on the amounts recognised in respect of the company's employee provisions. Note also that adoption of AASB 119 (September 2011) did not impact the classification of leave entitlements between current and non-current liabilities in the company's financial statements.

AASB 119 (September 2011) also introduced changes to the recognition and measurement requirements applicable to termination benefits and defined benefit plans. As the company did not have any of these types of obligations in the current or previous reporting periods, these changes did not impact the company's financial statements.

Fair value measurement

The company has applied AASB 13: Fair Value Measurement and the relevant consequential amendments arising from the related Amending Standards prospectively from the mandatory application date of 1 January 2013 and in accordance with AASB 108 and the specific transitional requirements in AASB 13.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value, and requires disclosures about fair value measurement.

No material adjustments to the carrying amounts of any of the company's assets or liabilities were required as a consequence of applying AASB 13. Nevertheless, AASB 13 requires enhanced disclosures regarding assets and liabilities that are measured at fair value and fair values disclosed in the company's financial statements.

The disclosure requirements in AASB 13 need not be applied by the company in the comparative information provided for periods before initial application of AASB 13 (that is, periods beginning before 1 January 2013). However, as some of the disclosures now required under AASB 13 were previously required under other Australian Accounting Standards, such as AASB 7: Financial Instruments: Disclosures, the company has provided this previously provided information as comparatives in the current reporting period.

(o) New accounting standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the company.

The company has decided not to early adopt any of the new and amended pronouncements. The company's assessment of the new and amended pronouncements that are relevant to the company but applicable in the future reporting periods is set below:

(i) AASB 9 Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2017).

This Standard will be applicable retrospectively and includes revised requirements for the classification and measurement of financial instruments, revised recognition and derecognition requirements for financial instruments and simplified requirements for hedge accounting.

Although the Directors anticipate that the adoption of AASB 9 may have an impact on the company's financial instruments, it is impractical at this stage to provide a reasonable estimate of such impact.

Note 1. Summary of significant accounting policies (continued)

(o) New accounting standards for application in future periods (continued)

(ii) AASB 2012-3: Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard provides clarifying guidance relating to the offsetting of financial instruments, which is not expected to impact the company's financial statements.

(iii) AASB 2013-3: Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets (applicable for annual reporting periods commencing on or after 1 January 2014).

This Standard amends the disclosure requirements in AASB 136: Impairment of Assets pertaining to the use of fair value in impairment assessment and is not expected to significantly impact the company's financial statements.

(p) Loans and borrowings

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

(q) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which is probable that the outflow of economic benefits will result and the outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

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.

(r) Share capital

Issued and paid up capital is 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.

(s) Comparative figures

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

(t) Critical accounting estimates and judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company. Estimates and judgements are reviewed on an ongoing basis. Revision to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. The estimates and judgements that have a significant risk of causing material adjustments to the carrying values of assets and liabilities are as follows:

<u>Estimation of useful lives of assets</u>

The company determines the estimated useful lives and related depreciation and amortisation changes for its property, plant and equipment and intangible assets. The depreciation and amortisation charge will increase where useful lives are less than previously estimated lives.

Note 1. Summary of significant accounting policies (continued)

(t) Critical accounting estimates and judgements (continued)

Employee benefits provision

Assumptions required for wage growth and CPI movements. The likelihood of employees reaching unconditional service is estimated. Treatment of leave under updated AASB 119 standard.

Income tax

The company is subject to income tax. Significant judgement is required in determining the deferred tax asset or the provision for income tax liability. Deferred tax assets are recognised only when it is considered sufficient future profits will be generated. The assumptions made regarding future profits is based on the company's assessment of future cash flows.

Impairment

The company assesses impairment at the end of each reporting period by evaluating conditions and events specific to the company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

(u) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discount estimated future cash payments or receipts over the expected life (or where this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability.

(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. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(ii) Financial liabilities

Non derivative financial liabilities are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Note 1. Summary of significant accounting policies (continued)

(u) Financial instruments (continued)

Impairment

A financial asset (or group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of financial assets carried at amortised cost loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency on interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial asset is reduced directly if no impairment amount was previously recognised in the allowance account.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition of financial instruments

Financial assets are derecognised when the contractual rights to receipt of cash flows expire 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. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Note 2. Revenue and other income

	2014 $	2013 $
Revenue		
- services commissions	687,479	711,234
- other revenue	62	1,084
	687,541	**712,318**
Other revenue		
- interest received	3,792	2,296
- other revenue	1,621	-
	5,413	**2,296**
Total revenue	**692,954**	**714,614**

	2014 $	2013 $
Note 3. Expenses		
Employee benefits expense		
- wages and salaries	234,228	266,374
- superannuation costs	20,634	26,686
- other costs	9,702	2,611
	264,564	**295,671**
Depreciation of non-current assets:		
- leasehold improvements	4,740	1,543
- furniture and fittings	1,538	9,550
- motor vehicle	4,949	6,410
Amortisation of non-current assets:		
- intangible assets	13,844	11,455
	25,071	**28,958**
Finance costs:		
- Interest paid	1,394	1,833
Bad debts	-	3,383
Other Expenses		
- rental expense	38,975	38,455
- accounting fees	1,340	5,405
- advertising	3,328	7,246
- agent Commission	11,510	25,073
- administration	19,153	38,355
- marketing	27,128	3,130
- freight	9,925	9,849
- insurance	13,311	14,794
- printing and stationery	10,124	15,702
- telephone	5,963	7,545
- IT costs	20,216	20,646
- occupancy costs	17,302	18,531
- other expenses	48,011	54,940
	226,286	**259,671**

	2014 $	2013 $

Note 4. Tax expense

	2014 $	2013 $
a. The components of tax expense/(income) comprise		
- current tax expense/(income)	46,998	21,492
- deferred tax expense/(income) relating to the origination and reversal of temporary differences	(6,384)	0
- adjustments for under/(over)-provision of current income tax of previous years	-	-
	40,614	**21,492**
b. The prima facie tax on profit/(loss) from ordinary activities before income tax is reconciled to the income tax expense as follows:		
Prima facie tax on profit/(loss) before income tax at 30% (2013: 30%)	39,261	25,338
Add tax effect of:		
- Adjustments in respect of current income tax of previous year	-	(3,846)
- Utilisation of previously unrecognised carried forward tax losses	-	-
- Non-deductible expenses	1,353	-
Current income tax expense	**40,614**	**21,492**
Income tax attributable to the entity	**40,614**	**21,492**
The applicable weighted average effective tax rate is	31.03%	25.45%

The applicable income tax rate is the Australian Federal tax rate of 30% (2013: 30%) applicable to Australian resident companies.

Note 5. Auditors’ remuneration

	2014 $	2013 $
Remuneration of the Auditor for:		
- Audit or review of the financial report	**4,300**	**4,150**

Note 6. Cash and cash equivalents

	2014 $	2013 $
Cash at bank and on hand	**56,505**	**86,019**

Note 7. Trade and other receivables

	2014 $	2013 $
Current		
Trade debtors	64,490	75,319
Prepayments and accrued income	9,952	8,899
	74,442	**84,218**

Note 7. Trade and other receivables (continued)

Credit risk

The company has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within this note.

The main sources of credit risk to the company are considered to relate to the classes of assets described as trade and other receivables and "loans" (see Note 12).

The following table details the company's trade and other receivables exposed to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as "past due" when the debt has not been settled, within the terms and conditions agreed between the company and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the company.

The balances of receivables that remain within initial trade terms (as detailed in the table below) are considered to be high credit quality.

	Gross amount	Past due and impaired	Past due but not impaired			Not past due
			< 30 days	31-60 days	> 60 days	
2014						
Trade receivables	64,490	-	-	-	-	64,490
Total	**64,490**	**-**	**-**	**-**	**-**	**64,490**
2013						
Trade receivables	75,319	-	-	-	-	75,319
Total	**75,319**	**-**	**-**	**-**	**-**	**75,319**

	2014 $	2013 $

Note 8. Investments and other financial assets

Current		
Loans and receivables		
- Australian term deposits > 3 months	**230,496**	**68,925**

The effective interest rate on short-term bank deposits was 2.99% (2013: 3.45%); these deposits have an average maturity of 287 days.

Note 9. Property, plant and equipment

Leasehold improvements		
At cost	61,647	61,647
Less accumulated depreciation	(10,521)	(8,983)
	51,126	**52,664**

	2014 $	2013 $

Note 9. Property, plant and equipment (continued)

	2014 $	2013 $
Furniture and Fittings		
At cost	128,453	126,962
Less accumulated depreciation	(103,649)	(98,909)
	24,804	**28,053**
Computer Software		
At cost	11,007	11,007
Less accumulated depreciation	(11,007)	(11,007)
	-	**-**
Motor Vehicles		
At cost	31,393	31,393
Less accumulated depreciation	(17,084)	(12,135)
	14,309	**19,258**
Total written down amount	**90,239**	**99,975**
Movements in carrying amounts		
Leasehold improvements		
Balance at the beginning of the reporting period	52,664	54,207
Additions	-	-
Disposals	-	-
Depreciation expense	(1,538)	(1,543)
Balance at the end of the reporting period	**51,126**	**52,664**
Furniture and Fittings		
Balance at the beginning of the reporting period	28,053	33,742
Additions	1,491	3,263
Disposals	-	-
Depreciation expense	(4,740)	(8,952)
Balance at the end of the reporting period	**24,804**	**28,053**
Computer Software		
Balance at the beginning of the reporting period	-	-
Additions	-	598
Disposals	-	-
Depreciation expense	-	(598)
Balance at the end of the reporting period	**-**	**-**

	2014 $	2013 $

Note 9. Property, plant and equipment (continued)

Motor Vehicles		
Balance at the beginning of the reporting period	19,258	25,668
Additions	-	-
Disposals	-	-
Depreciation expense	(4,949)	(6,410)
Balance at the end of the reporting period	**14,309**	**19,258**

Note 10. Intangible assets

Franchise fee		
At cost	69,221	69,221
Less accumulated amortisation	(25,299)	(11,455)
	43,922	**57,766**
Movements in carrying amounts		
Franchise fee		
Balance at the beginning of the reporting period	57,766	69,221
Additions	-	-
Disposals	-	-
Amortisation expense	(13,844)	(11,455)
Balance at the end of the reporting period	**43,922**	**57,766**

Note 11. Trade and other payables

Current		
Unsecured liabilities:		
Trade creditors	22,042	18,508
Other creditors and accruals	22,586	23,823
	44,628	**42,331**

Note 12. Borrowings

Current		
Chattel mortgage	8,091	8,091
Non-current		
Chattel mortgage	8,746	15,443
	16,837	**23,534**

	2014 $	2013 $

Note 13. Provisions

	2014 $	2013 $
Employee benefits	**21,282**	**18,826**
Movement in employee benefits		
Opening balance	18,826	12,880
Additional provisions recognised	19,783	26,346
Amounts utilised during the year	(17,327)	(20,400)
Closing balance	**21,282**	**18,826**
Current		
Annual leave	15,169	15,711
	15,169	**15,711**
Non-current		
Long-service leave	6,113	3,115
	6,113	**3,115**
Total provisions	**21,282**	**18,826**

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 14. Taxation

	2014 $	2013 $
(a) Tax assets		
Non-current		
Deferred tax assets comprise:		
- Carried forward losses	58,899	105,898
- Provisions	6,385	-
	65,284	**105,898**

Notes to the financial statements (continued)

	2014 $	2013 $
Note 15. Share capital		
755,660 Ordinary shares fully paid of $1 each	755,660	755,660
Less: Equity raising costs	(25,860)	(25,860)
	729,800	**729,800**
Movements in share capital		
Fully paid ordinary shares:		
At the beginning of the reporting period	755,660	755,660
Shares issued during the year	-	-
At the end of the reporting period	**755,660**	**755,660**

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. At the shareholders' meetings each shareholder is entitled to one vote when a poll is called, or on a show of hands. The company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the company's residual assets.

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 Statement of Financial Position.

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

(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%.

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 2014 can be seen in the Statement of Profit or Loss and Comprehensive Income.

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

	2014 $	2013 $

Note 16. Accumulated losses

	2014 $	2013 $
Balance at the beginning of the reporting period	(311,690)	(344,433)
Profit after income tax	90,257	62,969
Dividends paid/payable	(30,226)	(30,226)
Balance at the end of the reporting period	**(251,659)**	**(311,690)**

Note 17. Statement of cash flows

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

	2014 $	2013 $
Profit after income tax	90,257	62,969
Non cash items		
- Depreciation	11,227	17,503
- Amortisation	13,844	11,455
Changes in assets and liabilities		
- (Increase) decrease in receivables	9,776	(16,016)
- (Increase) decrease in deferred tax asset	40,614	21,492
- Increase (decrease) in payables	3,489	(2,136)
- Increase (decrease) in provisions	2,456	8,634
Net cash flows from operating activities	**171,663**	**103,901**

Credit standby arrangement and loan facilities

The company has no bank overdraft and commercial bill facilities (2013: $0).

Note 18. Leases

Operating lease commitments

	2014 $	2013 $
Non-cancellable operating leases contracted for but not capitalised in the financial statements		
Payable - minimum lease payments		
- no later than 12 months	40,105	38,975
- between 12 months and 5 years	86,895	127,001
- greater than 5 years	-	-
	127,000	**165,976**

The property lease is a non-cancellable lease with a 5 year term, rent payable monthly in advance. The lease has two 5-year extension options

	2014 $	2013 $

Note 18. Leases (continued)

Finance lease commitments

	2014 $	2013 $
Payable - minimum lease payments		
- no later than 12 months	5,091	8,091
- between 12 months and 5 years	8,746	15,443
- greater than 5 years	-	-
	13,837	**23,534**

The finance lease is for a motor vehicle. The lease expires at the conclusion of September 2016.

Note 19. Related party transactions

The company's main related parties are as follows:

(a) Key management personnel

Any person(s) having authority or responsibility for planning, directing or controlling the activities of the entity, directly or indirectly including any Director (whether executive or otherwise) of that company is considered key management personnel.

There was no remuneration paid to Key Management Personnel of the company during the year

(b) Other related parties

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel, individually or collectively with their close family members.

(c) Transactions with key management personnel and related parties

No key management personnel or related party has entered into any contracts with the company. No Director fees have been paid as the positions are held on a voluntary basis.

(d) Key management personnel shareholdings

The number of ordinary shares in Mansfield & District Community Enterprises Limited held by each key management personnel of the company during the financial year is as follows:

	2014	2013
Marian Dowling	2,501	2,501
Haley Tudor-Harrop	5,003	2,003
Noel Willaton	2,501	2,501
Travis Mullavey (resigned November 2013)	-	-
Michael Irwin (resigned Feb 2014)	1	1
Timothy Ross	11,500	11,500

Note 19. Related party transactions (continued)

(d) Key management personnel shareholdings (continued)

	2014	2013
Mandy Kynnersley	-	-
Joanne McInnes (resigned August 2013)	-	-
Geoffrey Doyle (appointed July 2013)	-	-

Each share held has a paid up value of $1 and is fully paid.

(e) Other key management transactions

There has been no other transactions involving equity instruments other than those described above.

Note 20. Events after the reporting period

On the 22nd August, 2014, the Directors resolved to pay a 4 cent dividend to shareholders. The dividend is to be paid to shareholders in December 2014.

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

Note 21. Contingent liabilities and assets

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

Note 22. Operating segments

The company operates in the financial services sector where it provides banking services to its clients. The company operates in one geographic area being Mansfield, Victoria. The company has a franchise agreement in place with Bendigo and Adelaide Bank Limited who account for 100% of the revenue (2013: 99%).

Note 23. Company details

The registered office and principle place of business is: 96-98 High Street, Mansfield VIC 3722.

	2014 $	2013 $

Note 24. Earnings per share

Basic earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing profit / (loss) after income tax by the weighted average number of ordinary shares outstanding during the year (adjusted for the effects of any dilutive options or preference shares).

The following reflects the income and share data used in the basic and diluted earnings per share computations:

	2014 $	2013 $
Profit after income tax expense	**90,257**	**62,969**
Weighted average number of ordinary shares for basic and diluted earnings per share	**755,660**	**755,660**

Note 25. Dividends paid or provided for on ordinary shares

	2014 $	2013 $
Final unfranked ordinary dividend of 4 (2013: 4) cents per share	30,226	30,226

Note 26. Financial risk management

The company's financial instruments consist mainly of deposits with banks, account receivables and payables, bank overdraft and loans. The totals for each category of financial instruments measured in accordance with AASB 139 as detailed in the accounting policies are as follows:

	Note	2014 $	2013 $
Financial assets			
Cash and cash equivalents	6	56,505	86,019
Trade and other receivables	7	74,442	84,218
Investments and other financial assets	8	230,496	68,925
Total financial assets		**361,443**	**239,162**
Financial liabilities			
Trade and other payables	11	44,628	42,331
Borrowings	12	16,837	23,534
Total financial liabilities		**61,465**	**65,865**

Financial risk management policies

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Note 26. Financial risk management (continued)

Specific financial risk exposure and management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk, foreign currency risk and other price risk. There have been no substantial changes in the types of risks the company is exposed to, how the risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. For the company it arises from receivables and cash assets.

Credit risk is managed through maintaining procedures that ensure, to the extent possible, that clients and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms for normal fee income are generally 30 days from the date of invoice. For fees with longer settlements, terms are specified in the individual client contracts. In the case of loans advanced, the terms are specific to each loan.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount and classification of those financial assets as presented in the statement of financial position.

The company's exposure to credit risk is limited to Australia by geographic area. The majority of receivables are due from Bendigo and Adelaide Bank Limited.

None of the assets of the company are past due (2013: nil past due) and based on historic default rates, the company believes that no impairment allowance is necessary in respect of assets not past due.

The company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Limited and therefore credit risk is considered minimal.

	2014 $	2013 $
Cash and cash equivalents:		
A rated	**56,505**	**86,019**

(b) Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company ensures it will have enough liquidity to meet its liabilities when due under both normal and stressed conditions. Liquidity management is carried out within the guidelines set by the Board.

Typically, the company maintains sufficient cash on hand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below reflects an undiscounted contractual maturity analysis for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis:

Note 26. Financial risk management (continued)

(b) Liquidity risk (continued)

30 June 2014	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	44,628	44,628	-	-
Loans and borrowings	12	16,837	7,167	9,670	-
Total expected outflows		**61,465**	**51,795**	**9,670**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	56,505	56,505	-	-
Trade and other receivables	7	74,442	74,442	-	-
Investments and other financial assets	8	230,496	230,496		
Total anticipated inflows		**361,443**	**361,443**	**-**	**-**
Net (outflow)inflow on financial instruments		**299,979**	**309,649**	**(9,670)**	**-**

30 June 2013	Note	Total $	Within 1 year $	1 to 5 years $	Over 5 years $
Financial liabilities due					
Trade and other payables	11	42,331	42,331	-	-
Loans and borrowings	12	23,534	8,091	15,443	-
Total expected outflows		**65,865**	**50,422**	**15,443**	**-**
Financial assets - realisable					
Cash & cash equivalents	6	86,019	86,019	-	-
Trade and other receivables	7	84,218	84,218	-	-
Investments and other financial assets	8	68,925	68,925		
Total anticipated inflows		**239,162**	**239,162**	**-**	**-**
Net (outflow)/inflow on financial instruments		**173,297**	**188,740**	**(15,443)**	**-**

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

Note 26. Financial risk management (continued)

(c) Market risk (continued)

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments.

The financial instruments that primarily expose the company to interest rate risk are borrowings, and cash and cash equivalents.

Sensitivity analysis

The following table illustrates sensitivities to the company's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $	**Equity $**
Year ended 30 June 2014		
+/- 1% in interest rates (interest income)	397	397
	397	**397**
Year ended 30 June 2013		
+/- 1% in interest rates (interest income)	1,314	1,314
	1,314	**1,314**

The company has no exposure to fluctuations in foreign currency.

(d) Price risk

The company is not exposed to any material price risk.

Fair values

The fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The company does not have any unrecognised financial instruments at year end.

Directors' declaration

In accordance with a resolution of the Directors of Mansfield & District Community Enterprises Limited, the Directors of the company declare that:

1 the financial statements and notes, as set out on pages 11 to 37 are in accordance with the Corporations Act 2001 and:

(i) comply with Australian Accounting Standards, which as stated in accounting policy Note 1(a) to the financial statements constitutes compliance with International Financial Reporting Standards (IFRS); and

(ii) give a true and fair view of the company's financial position as at 30 June 2014 and of the performance for the year ended on that date;

2 in the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Timothy Ross
Director

Signed at Mansfield on 23 September 2014.

Independent audit report

Richmond Sinnott & Delahunty
Chartered Accountants
Level 2, 10-16 Forest Street
Bendigo, VICTORIA
PO Box 30, Bendigo VICTORIA 3552
Ph: (03) 5445 4200
Fax: (03) 5444 4344
rsd@rsdadvisors.com.au
www.rsdadvisors.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MANSFIELD & DISTRICT COMMUNITY ENTERPRISES LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Mansfield & District Community Enterprises Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards (IFRS).

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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 the auditor's 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, the auditor considers internal control relevant to the company's preparation 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 company'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.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Mansfield & District Community Enterprises Limited, would be in the same terms if provided to the directors as at the time of this auditor's report.

Auditor's Opinion

In our opinion:

(a) the financial report of Mansfield & District Community Enterprises Limited is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with the International Financial Reporting Standards as disclosed in Note 1.

RICHMOND SINNOTT & DELAHUNTY
Chartered Accountants

KATHIE TEASDALE
Partner

Dated at Bendigo, 23rd September 2014

Mansfield & District **Community Bank®** Branch
96-98 High Street, Mansfield VIC 3722
Phone: (03) 5775 3273

Franchisee:
Mansfield & District Community Enterprises Ltd
96-98 High Street, Mansfield VIC 3722
ABN: 92 124 069 914

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