

Mareeba & Dimbulah Financial Services Limited

ABN 53 115 503 930

Financial Statements

For the year ended 30 June 2018

Mareeba & Dimbulah Financial Services Limited
ABN 53 115 503 930

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Mareeba & Dimbulah Financial Services Limited
ABN 53 115 503 930
Directors' Report

Your directors present this report on the company for the financial year ended 30 June 2018.

Directors

The names of the directors in office at any time during or since the end of the year are:

Name:	Gilbert James Teitzel
Position:	Chairman
Qualifications:	Certified Practising Accountant
Special Responsibilities:	Governance & Business Development Committee, Human Resource Committee, Chair of Audit/Finance Committee and Strategic Planning
Name:	Gianfranco De Iacovo
Position:	Vice-Chairman
Qualifications:	Business Owner
Special Responsibilities:	Marketing & Sponsorship Committee
Name:	Cheryl Eileen Tonkin [ceased 30/08/2017]
Position:	Secretary [ceased 30/08/2017]
Qualifications:	Civil Celebrant/Auctioneer
Special Responsibilities:	Governance & Business Development Committee and Human Resources Committee
Name:	Charles Edward Khan
Position:	Secretary [appointed 30/08/2017]
Qualifications:	Ambulance Officer
Special Responsibilities:	Marketing & Sponsorship Committee
Name:	Amy Kathryn Phillips [ceased 03/09/2018]
Position:	Treasurer [ceased 07/03/2018]
Qualifications:	Senior Community Wellbeing Officer
Special Responsibilities:	Marketing & Sponsorship Committee, Audit/Finance Committee and Strategic Planning
Name:	Michael Peter Hoskin [appointed 21/12/2017]
Position:	Treasurer [appointed 07/03/2018]
Qualifications:	Accountant
Special Responsibilities:	Audit/Finance Committee
Name:	Natasha Srhoj
Position:	Director
Qualifications:	Accounts Manager Mareeba Express
Special Responsibilities:	Marketing & Sponsorship Committee
Name:	Graeme Eric Ford
Position:	Director
Qualifications:	Automotive Dealer
Special Responsibilities:	Chair of Governance & Business Development Committee and Chair of Human Resources Committee

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

No directors have material interests in contracts or proposed contracts with the company, except for Gilbert Teitzel, whose firm provides accounting and provided share registry services to the company (refer note 16).

Mareeba & Dimbulah Financial Services Limited
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Directors' Report

Principal Activities

The principal activities of the company during the course of the year were providing Community banking services under management rights to operate a franchised branch of Bendigo Bank Limited in Mareeba and Dimbulah. No significant change in the nature of these activities occurred during the year.

Review of Operations and Financial Results

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

Year ended	Year ended
30 June 2018	30 June 2017
\$	\$
103,371.93	166,340.99

Significant Changes in the State of Affairs

In the opinion of the directors no significant changes in the company's state of affairs occurred during the financial year.

Dividends

The fully franked dividend of \$72,827.05 (\$0.0725 per share) with a 27.5% franking credit, referred to in the previous directors' report dated 31 December 2017, was paid on 24 January 2018.

Events Subsequent to the End of the Reporting Period

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect either:

- the company's operations in future financial years,
- the results of those operations in future financial years; or
- the company's state of affairs in future financial years.

Likely Developments

The company expects to maintain the present status and level of operations and hence continue its policy of facilitating banking services to the community.

Mareeba & Dimbulah Financial Services Limited
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Directors' Report

Environmental Legislation

The company is not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory in Australia.

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.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 7 of this Financial Report and forms part of this Directors Report.

Directors' Meetings

During the year twelve (12) directors' meetings were held. Attendances by each director during the year were:

Name of Director	Number Eligible to Attend	Number Attended
Gilbert J Teitzel	12	11
Gianfranco De Iacovo	12	11
Amy K Phillips	12	8
Natasha Srhoj	12	9
Graeme E Ford	12	9
Charles E Khan	12	6
Michael P Hoskin	7	7
Cheryl E Tonkin	2	0

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.

Mareeba & Dimbulah Financial Services Limited
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Directors' Report

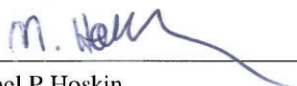
Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included.

Signed in accordance with a resolution of the Board of Directors:



Graeme E Ford
Director



Michael P Hoskin
Director

Dated: 26/09/18

Mareeba & Dimbulah Financial Services Limited

ABN 53 115 503 930

Auditor's Independence Declaration

**UNDER S 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF
MAREEBA & DIMBULAH FINANCIAL SERVICES LIMITED**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2018 there have 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



Megan O'Neill FCPA
Cairns Quality Accounting
Registered Company Auditor #419579
23/25-29 Grafton Street, Cairns QLD 4870

Dated: 27 September 2018

Mareeba & Dimbulah Financial Services Limited
ABN 53 115 503 930
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue from ordinary activities	4	1,791,342.34	1,756,739.93
Gross profit		1,791,342.34	1,756,739.93
Administration and general costs		(129,874.61)	(198,827.87)
Employment secondment expenses		(882,365.30)	(827,567.03)
ATM expense		(17,660.85)	(17,469.19)
Depreciation and amortisation expenses		(61,743.32)	(62,546.40)
IT leasing and running costs		(42,384.87)	(40,570.23)
Occupancy costs		(118,138.48)	(117,305.63)
Marketing Development Fund expenses		(68,714.11)	(64,917.39)
Grants and donations		(330,000.00)	(200,000.00)
Profit before income tax		140,460.80	227,536.19
Income tax attributable to operation profit (loss)	5	37,088.88	61,195.20
Operating profit after income tax		103,371.93	166,340.99
Total comprehensive income for the year		103,371.93	166,340.99
Earnings per share (cents per share)		c	c
- basic profit for the year		10.29	16.56

The accompanying notes form part of these financial statements.

Mareeba & Dimbulah Financial Services Limited
ABN 53 115 503 930
Statement of Financial Position as at 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current Assets			
Cash and cash equivalents	7	863,034.61	775,704.79
Trade and other receivables	8	164,060.26	162,378.91
Other assets	9	6,002.27	5,008.40
Total Current Assets		1,033,097.14	943,092.10
Non-Current Assets			
Receivables	8		10,750.00
Property, plant and equipment	10	175,497.30	201,146.75
Intangible assets	11	257,781.10	284,893.42
Total Non-Current Assets		433,278.40	496,790.17
Total Assets		1,466,375.54	1,439,882.27
Liabilities			
Current Liabilities			
Trade and other payables	12	107,899.96	102,813.68
Tax liabilities	13	17,036.38	25,243.26
Total Current Liabilities		124,936.34	128,056.94
Total Liabilities		124,936.34	128,056.94
Net Assets		1,341,439.20	1,311,825.33
Equity			
Contributed capital	14	1,004,511.00	1,004,511.00
Retained profits		336,928.20	307,314.33
Total Equity		1,341,439.20	1,311,825.33

The accompanying notes form part of these financial statements.

Mareeba & Dimbulah Financial Services Ltd
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Statement of Changes in Equity
For the year ended 30 June 2018

	Issued Capital	Accumulated Profit (Loss)	Total Equity
Balance at 1 July 2016	1,004,511.00	212,153.61	1,174,767.41
Shares issued during year	-	-	-
Profit/(loss) attributable to the members of the company		166,340.99	166,340.99
Sub-total:	1,004,511.00	378,494.60	1,341,108.40
Dividends paid or provided for	-	71,180.27	- 71,180.27
Balance at 30 June 2017	1,004,511.00	307,314.33	1,269,928.13
Balance at 1 July 2017	1,004,511.00	307,314.33	1,269,928.13
Shares issued during year	-	-	-
Profit/(loss) attributable to the members of the company		103,371.92	103,371.92
Sub-total:	1,004,511.00	410,686.25	1,373,300.05
Dividends paid or provided for	-	73,758.05	- 73,758.05
Balance at 30 June 2018	1,004,511.00	336,928.20	1,299,542.00

Mareeba & Dimbulah Financial Services Limited
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Statement of Cash Flows
For the year ended 30 June 2018

	2018 \$	2017 \$
Cash Flow From Operating Activities		
Receipts from customers	1,775,803.22	1,735,701.98
Payments to suppliers and employees	(1,568,795.17)	(1,464,759.04)
Interest received	13,857.77	13,663.32
Income tax paid	(62,046.40)	(59,246.03)
Net cash provided by (used in) operating activities (Note B)	<u>158,819.42</u>	<u>225,360.23</u>
Cash Flow From Investing Activities		
Payment for:		
Payments for property, plant and equipment	(8,981.55)	(1,682.27)
Proceeds from disposal of:		
Loans to other groups or entities	<u>11,250.00</u>	<u>4,000.00</u>
Net cash provided by (used in) investing activities	<u>2,268.45</u>	<u>2,317.73</u>
Cash Flow From Financing Activities		
Dividends paid	<u>(73,758.05)</u>	<u>(71,180.27)</u>
Net cash provided by (used in) financing activities	<u>(73,758.05)</u>	<u>(71,180.27)</u>
Net increase (decrease) in cash held	87,329.82	156,497.69
Cash at the beginning of the year	<u>775,704.79</u>	<u>619,207.10</u>
Cash at the end of the year (Note A)	<u><u>863,034.61</u></u>	<u><u>775,704.79</u></u>

The accompanying notes form part of these financial statements.

Mareeba & Dimbulah Financial Services Limited
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Statement of Cash Flows
For the year ended 30 June 2018

2018

2017

Note A: Reconciliation Of Cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market instruments.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related items on the Statement of Financial Position as follows:

Cash At Bank - Cheque A/c [Bendigo Bank]	30,960.67	725,948.19
Bendigo Market Development Fund Account	106,098.09	50,138.53
Bendigo Business Solutions Account	639.56	(747.38)
Bendigo Business Cash Mgmt Account	336.29	365.45
Term Deposit	725,000.00	
	<u>863,034.61</u>	<u>775,704.79</u>

Note B: Reconciliation Of Net Cash Provided By/Used In Operating Activities To Net Profit

Operating profit (loss) after tax	103,371.92	166,340.99
Depreciation	34,631.00	35,434.00
Amortisation	27,112.32	27,112.40
Increase/(decrease) in provision for income tax	(23,419.63)	3,326.36
Increase/(decrease) in future income tax benefit	(1,537.89)	(1,377.19)
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities:		
(Increase) decrease in trade and term debtors	(1,681.35)	8,100.10
(Increase) decrease in prepayments	(993.87)	(57.50)
Increase (decrease) in trade creditors and accruals	4,586.28	13,315.79
Increase (decrease) in sundry provisions	16,750.64	(10,634.52)
Net cash provided by operating activities	<u>158,819.42</u>	<u>225,360.23</u>

Mareeba & Dimbulah Financial Services Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

Note 1: Statement of Significant Accounting Policies

(A) Basis of Preparation

The company has elected to adopt the Australian Accounting Standards - Reduced Disclosure Requirements.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. Mareeba & Dimbulah Financial Services Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2018 were approved and authorised for issue by the Board of Directors on 26 September 2018.

(B) Accounting Policies

Changes in accounting policies

The accounting policies are consistent with those applied in the previous financial year except as follows:

The entity has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as at 1 July 2017:

AASB 2014-5: Amendments to Australian Accounting Standards - arising from AASB 15 (issued December 2014) extends the mandatory effective date of AASB 15 Revenue from Contracts with Customers by 12 months so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. AASB 2015-8 is applicable to annual reporting periods beginning on or after 1 January 2017. On adoption of these amendments, there has been no material impact on the transactions and balances recognised in the financial statements.

AASB 2016-1 Amendments to Australian Accounting Standards - Recognition of Deferred Tax Assets for Unrealised Losses (issued February 2016) makes amendments to AASB 112: Income Taxes to clarify the requirements regarding recognition of deferred tax assets for unrealised losses on debt instruments measured at fair value. On adoption of these amendments, there has been no material impact on the transactions and balances recognised in the financial statements.

AASB 2016-2: Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107 (issued March 2016) makes amendments to AASB 107: Statement of Cash Flows to require an entity to disclose the details of movements in the liabilities that arise from financing activities, including cash and non-cash changes. On adoption of these amendments, there has been no material impact on the transactions and balances recognised in the financial statements.

Recently issued or amended standards not yet effective

AASB 9 Financial Instruments applies to annual reporting periods beginning on or after 1 January 2018. The potential effects of adoption of the standard are currently being assessed and the company has not elected to early adopt this standard in these financial statements.

AASB 16 Leases (issued February 2016) will be effective from 1 January 2019. The company is yet to undertake a detailed assessment of the impact of AASB 16 and as such has not elected to early adopt this standard in these financial statements.

Mareeba & Dimbulah Financial Services Limited

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Notes to the Financial Statements

For the year ended 30 June 2018

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 Mareeba and Dimbulah, Queensland.

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 fitout of the Community Bank® branches;
- 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 operation 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.

Summary of accounting policies

Overall consideration

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

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).

Mareeba & Dimbulah Financial Services Limited**ABN 53 115 503 930****Notes to the Financial Statements****For the year ended 30 June 2018**

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 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 the loss.

The second source of revenue is commission paid by Bendigo and Adelaide Bank Limited on the other products and services provided through the company (ie '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 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.

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 in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and 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 taxable income or accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred income 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.

Mareeba & Dimbulah Financial Services Limited

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Notes to the Financial Statements

For the year ended 30 June 2018

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other 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.

Employee Benefits

Provision is not made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employees are seconded staff of Bendigo and Adelaide Bank Limited and are treated as employees of Bendigo and Adelaide Bank Limited. The company is invoiced each month for a provision to employee entitlements, such as long-service leave, holiday pay and personal leave. Any provision for employee entitlements are accrued by Bendigo and Adelaide Bank Limited.

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 Statement of Financial Position.

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 payable 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.

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:

Class of Asset	Depreciation Rate %
Leasehold improvements	2.5 - 40.0%
Plant and equipment	2.5 - 40.0%
Fixtures and fittings	2.5 - 40.0%

Gains and losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Mareeba & Dimbulah Financial Services Limited**ABN 53 115 503 930****Notes to the Financial Statements****For the year ended 30 June 2018**

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.

Borrowings

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

Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to Mareeba & Dimbulah Financial Services Limited are classified as finance leases.

Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. 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 their estimated useful lives where it is likely that Mareeba & Dimbulah Financial Services Limited will obtain ownership of the asset or over the term of the lease

Lease payments under operating leases, where substantially all the risks and benefits remain with the leaser, 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.

Provisions

Provision are recognised when Mareeba & Dimbulah Financial Services Limited has a legal or constructive obligation, as a result of past events, for which it is probable that the outflow of economic benefit will result and that the outflow can be measured reliably.

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

Contributed Equity

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

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.

Goods and Service 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a net basis (after GST), except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Mareeba & Dimbulah Financial Services Limited**ABN 53 115 503 930****Notes to the Financial Statements****For the year ended 30 June 2018**

Note 2: Financial InstrumentsLiquidity 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.

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.

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.

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 2018 can be seen in the Statement of Profit or Loss and Other Comprehensive Income.

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

Note 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 Statement of Profit or Loss and Other Comprehensive Income. 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, operation costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

Mareeba & Dimbulah Financial Services Limited**ABN 53 115 503 930****Notes to the Financial Statements****For the year ended 30 June 2018**

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 Profit or Loss and Other Comprehensive Income.

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 reduced to its recoverable amount, an impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income 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 the Statement of Profit or Loss and Other Comprehensive Income 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.

Mareeba & Dimbulah Financial Services Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

	2018	2017
Note 4: Revenue from Ordinary Activities		
Operating activities:		
Gross Margin	1,202,411.80	1,133,087.87
Upfront Product Commission	53,664.04	48,657.99
Trailer Product Commission	325,325.87	366,527.95
Fee Income	141,632.93	147,302.89
Market Development Fund	47,499.93	47,999.91
Rebates and Refunds	6,950.00	
Total revenue from operating activities	<u>1,777,484.57</u>	<u>1,743,076.61</u>
Non-operating activities:		
Interest Revenue	<u>13,857.77</u>	<u>13,663.32</u>
Total revenue from non-operating activities	<u>13,857.77</u>	<u>13,663.32</u>
Total revenue from ordinary activities	<u>1,791,342.34</u>	<u>1,756,739.93</u>

Note 5: Income Tax

The prima facie tax payable on profit/(loss) from ordinary activities before income tax is reconciled to the income tax as follows:

Profit/(loss) from ordinary activities before income tax	140,460.80	227,536.19
Prima facie income tax	38,626.77	62,572.39
Add tax effect of:		
- Prepaid insurance	<u>(1,537.89)</u>	<u>(1,377.19)</u>
Income tax expense/(revenue)	<u>37,088.88</u>	<u>61,195.20</u>
Income tax expense attributable to profit from ordinary activities	<u>37,088.88</u>	<u>61,195.20</u>

The applicable weighted average effective tax rates are as follows (%):

26.41 26.89

Note 6: Dividends

Dividends Provided for or Paid	<u>73,758.05</u>	<u>71,180.27</u>
	<u>71,180.27</u>	<u>71,180.27</u>

On 24 January 2018, dividend payments of \$72,827.05 were made to ShareData, a share registry service employed to distribute . At the date of this report, \$217.50 of these that were initially rejected remain outstanding and \$1,160.00 remain as unrepresented cheques. Payments of \$931.00 were also made during the financial year in relation to rejected dividends from prior years.

The accompanying notes form part of these financial statements.

Mareeba & Dimbulah Financial Services Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

2018

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Note 7: Cash and Cash Equivalents

Bank accounts:

Bendigo Cheque Account	30,960.67	725,948.19
Bendigo Market Development Fund Account	106,098.09	50,138.53
Bendigo Business Solutions Account	639.56	(747.38)
Bendigo Business Cash Management Account	336.29	365.45
Other cash items:		
Bendigo Term Deposit	725,000.00	
	863,034.61	775,704.79

Reconciliation of Cash:

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to items in the Statement of Financial Position as follows:

- Cash	863,034.61	776,452.17
- Bank Overdrafts		(747.38)
	863,034.61	775,704.79

Note 8: Trade and Other Receivables

Current

Trade debtors	164,060.26	162,346.93
Refundable deposits		31.98
	164,060.26	162,378.91

Non-Current

Amounts receivable from		
- Mareeba Golf Club Inc		10,750.00
		10,750.00

Note 9: Other Assets

Current

Prepayments	6,002.27	5,008.40
	6,002.27	5,008.40

Mareeba & Dimbulah Financial Services Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

	2018	2017
Note 10: Property, Plant and Equipment		
Leasehold improvements:		
- At cost	540,210.43	532,637.06
- Less: Accumulated depreciation	(366,991.45)	(333,377.45)
	<u>173,218.98</u>	<u>199,259.61</u>
Plant and equipment:		
- At cost	14,435.32	13,027.14
- Less: Accumulated depreciation	(12,157.00)	(11,140.00)
	<u>2,278.32</u>	<u>1,887.14</u>
Total written down amount	<u>175,497.30</u>	<u>201,146.75</u>

Note 11: Intangible Assets

Start-up costs:		
- At cost	170,000.00	170,000.00
Franchise fees:		
- At cost	65,734.00	65,734.00
- Less: Accumulated amortisation	(34,436.90)	(29,918.18)
	<u>31,297.10</u>	<u>35,815.82</u>
Renewal Process fees:		
- At cost	228,674.00	228,674.00
- Less: Accumulated amortisation	(172,190.00)	(149,596.40)
	<u>56,484.00</u>	<u>79,077.60</u>
Total written down amount	<u>257,781.10</u>	<u>284,893.42</u>

Note 12: Trade and Other Payables

Unsecured:		
- Trade creditors	107,399.96	102,813.68
Amounts payable to:		
- Mareeba Golf Club Inc	500.00	
	<u>107,899.96</u>	<u>102,813.68</u>

Mareeba Golf Club Inc made a final payment on their loan in June 2018 which included the above \$500.00 overpayment. This overpayment is in the process of being returned to Mareeba Golf Club Inc at the date of this report.

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Notes to the Financial Statements
For the year ended 30 June 2018

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Note 13: Tax Liabilities**Current**

GST payable control account	31,566.40	30,043.48
Input tax credit control account	(20,987.78)	(36,215.50)
Provision for income tax	8,108.32	31,527.95
Deferred tax assets	(1,650.56)	(112.67)
	<u>17,036.38</u>	<u>25,243.26</u>

Note 14: Contributed Capital

1,004,511 Ordinary shares at \$1.00 each fully paid	<u>1,004,511.00</u>	<u>1,004,511.00</u>
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Rights attached to sharesVoting rights

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

On a show of hands or a poll, each shareholder 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 shareholder and has also been appointed a proxy for another shareholder) that person may only exercise one vote on a show of hands. On a poll, that person may exercise one vote as a shareholder and one vote for each other shareholder that person represents as duly appointed attorney, corporate representative or proxy.

The purpose of giving each shareholder 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 shareholders of the community who have contributed to the establishment and ongoing operation of the Community Bank have the same ability to influence the operation of the company.

Dividends

Generally, dividends are payable to shareholders 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).

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.

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

Mareeba & Dimbulah Financial Services Limited
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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 311. As at the date of this report, the company had 499 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 shareholder has prohibited shareholding interest, it must serve a notice requiring the shareholder (or the shareholder'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 shareholders, but that such a result may be necessary to enforce the prohibition.

Note 15: Leases

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

Payable - minimum lease payments (subject to market reviews and CPI):

	\$	\$
- not later than 12 months	74,732.68	74,743.39
- between 12 months and 5 years	322,036.71	322,079.17

The Mareeba property lease is a non-cancellable lease. An option was taken up with a five year term, due to expire on 30 November 2020, with rent payable monthly in advance. There remains one five year option to renew the lease.

The Dimbulah property lease is a non-cancellable lease with a five year term, with rent payable monthly in advance. The second five year option was taken up, commencing on 1 December 2015 and will be due to expire on 30 November 2020 with no further options to renew.

Note 16: Director and Related Party Disclosures

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

No director of the company receives remuneration for services as a company director or committee member.

Mareeba & Dimbulah Financial Services Limited
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Notes to the Financial Statements
For the year ended 30 June 2018

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Related Party Transactions

The following transactions occurred with related parties:

Payment for services from associates

- Millar Teitzel Accountants and Advisors	16,551.00	15,730.00
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Shareholdings

Number of shares held by directors	29,094	34,095*
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* The number of shares held by directors at 30 June 2017 was overstated as 36,094 in the 2017 notes to the financial statements.

Note 17: 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 18: Contingent Liabilities

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

Note 19: Segment Reporting

The economic entity operates in the service sector where it facilitates Community Bank services in Mareeba and Dimbulah, Queensland pursuant to a franchise agreement with Bendigo and Adelaide Bank Limited.

Note 20: Community Enterprise Foundation / Australian Sports Foundation

The company has over the years deposited into both the Community Enterprise Foundation (CEF) and Australian Sports Foundation (ASF) to be used for distribution to community organisations as part of the company's grant programs. During the 2018 financial year \$330,000 was granted to Australian Sports Foundation (2017: \$175,000 - CEF; \$25,000 - ASF).

Mareeba & Dimbulah Financial Services Limited
ABN 53 115 503 930
Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards Reduced Disclosure Requirements and the Corporations Regulations; and
 - (b) give a true and fair view of the company's financial position as at 30 June 2018 and of its 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.

The directors are responsible for the reliability, accuracy and completeness of the accounting records and the disclosure of all material and relevant information.

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



Graeme E Ford
Director



Michael P Hoskin
Director

Dated: 26/09/18

INDEPENDENT AUDIT REPORT

Independent Auditor's report to the members of Mareeba and Dimbulah Financial Services Ltd

Report on audit of the financial statements

Auditor's Opinion

In our opinion, the financial report of Mareeba & Dimbulah Financial Services 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 2018 and of its performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

What we have audited

Mareeba and Dimbulah Financial Services Ltd financial report comprises the statement of profit or loss and other comprehensive income for the year ended 30 June 2018, statement of financial position as at 30 June 2018, statement of changes in equity and statement of cash flows for the year ended on that date, Notes comprising a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Basic for opinion

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

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We are independent of the entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the other ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* that are relevant to our audit of the financial report in Australia; and have fulfilled our ethical responsibilities in accordance with this code.

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

Other information

Other information relates to the entities financial and non-financial information included in the Annual Report which may include the Chairperson's Report and other reports covering governance and shareholder matters. We do not express any form of assurance conclusion of the other information.

Our responsibility is to read the other information as identified when it becomes available and consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If we identify that a materially inconsistency exists when we read the annual report, or become aware of other information that may be materially misstated, we will discuss with the directors and may require management to correct the other information if we believe a material misstatement exists.

Responsibility of management for the financial report

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

In preparing the financial report, the directors are responsible for assessing the entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting.

Auditor's responsibility for the audit of the financial report

Our responsibility is to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that if an audit is conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Material misstatements may arise from fraud or error and are considered material either individually or in aggregate and they could reasonably expect to influence the economic decisions of users of this financial report.

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

Cairns Quality Accounting



Megan O'Neill FCPA
Registered Company Auditor #419579
Cairns Quality Accounting

Signed at Cairns on 27 September 2018