



Annual Report 2014

Mareeba & Dimbulah
Financial Services Ltd

ABN 53 115 503 930

Mareeba **Community Bank**[®] Branch
Dimbulah **Community Bank**[®] Branch

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Chairman's report

For year ending 30 June 2014

Company performance

This has been a year of steady growth for both branches, with combined business increasing by almost six and a half percent on last financial year to a total business over \$181 million by the financial year end. Lending is on the incline across the branches, but with the continued tightening of interest rates the margin income paid by Bendigo and Adelaide Bank through the profit share structure continues to decline.

The Mareeba **Community Bank**[®] Branch's revenue and profits have reduced against the budget set for the 2013/14 financial year and grew a little over 75% of budget expectations. Total business for this branch has grown from \$135.5 million to a touch over \$140.4 million at the end of June. The Dimbulah **Community Bank**[®] Branch's total business was a little over \$40.4 million, a very pleasing 17.75% increase from the \$35.1 million in business footings reported at the end of the previous year.

The company has maintained its dividend policy with another 7% [Table 1] return to shareholders in December, following a 3% special dividend paid in September, on the back of good result in the 2012/13 financial year.

Table 1 – Dividends paid

Financial year	Date Paid	Rate	Amount
2007/08	01 October 2007	0.06 cents	\$60,270.66
2008/09	30 January 2009	0.07 cents	\$70,315.77
2009/10	15 December 2009	0.06 cents	\$60,270.66
2010/11	17 November 2010	0.06 cents	\$60,270.66
2011/12	12 December 2011	0.06 cents	\$60,270.66
2012/13	19 December 2012	0.07 cents	\$70,315.77
2013/14	18 September 2013	0.03 cents	\$30,135.33
	19 December 2013	0.07 cents	\$70 315.77
	Total	0.48 cents	\$482,165.28

Overall operating results

The company grossed \$ 1.499 million in revenue and had an after tax profit of \$49,065. This profit result is also after an amount of \$95,000 was placed with the Community Enterprise Foundation™ for our Community Grants program, in addition to another \$11,000 in sponsorships, paid straight out of the profit bottom line. This result is disappointing for the company, but with this lesson in mind, there still remains a very bright future when economic conditions begin to grow along with interest rates, because with the strong business base the branches have, the company is well placed to build future profits.

Staff

Our Branch Managers, Stephen Gear in Mareeba and Ann-Maree Zugno in Dimbulah, have again been very active in the community, representing the **Community Bank**[®] branches. The time and effort asked of them both has always been met with a positive attitude and I thank them enormously for that. As with past years, Stephen Ann-Maree have continued the practice of contacting business people in both communities with the view to developing a relationship, a valuable exercise and one to expand upon into the future. Our staff continue to assist with various activities within their respective communities. We as a Board certainly appreciate the extra effort and input our staff make. On behalf of the Directors, I wish to thank all staff for their loyalty and commitment in promoting the **Community Bank**[®] branches in our community.

Chairman's report (continued)

Community support/projects [Table 2]

Over the course of the 2013/14 year we provided more than \$90,000 in sponsorship and \$150,000 in grants to the Mareeba and Dimbulah communities. Since the establishment of Mareeba and Dimbulah **Community Bank**[®] branches, more than \$1.345 million has been returned to the community either by distribution of dividends to shareholders or through grants, donations and sponsorship of local clubs and organisations. The company also has available about \$450,000 in the Community Enterprise Foundation™ for future projects. Our inaugural grants and sponsorship funding events held in Dimbulah and Mareeba were a great success and something to gauge future performance against, as business, particularly in Dimbulah has responded with new business brought to the branch.

Table 2 – Community contributions

Financial year	Sponsorships	Grants	Business	Total
2006/07	\$13,024	\$0	\$0	\$13,024
2007/08	\$29,210	\$50,000	\$1,121	\$80,331
2008/209	\$13,482	\$28,000	\$20,992	\$62,474
2009/10	\$30,811	\$37,000	\$43,266	\$111,077
2010/11	\$45,640	\$0	\$55,812	\$101,451
2011/12	\$41,731	\$3,000	\$39,091	\$83,822
2012/13	\$49,068	\$111,123	\$53,447	\$213,638
2013/14	\$45,000	\$111,000	\$41,762	\$197,762
Total	\$267,966	\$340,123	\$ 255,491	\$863,579

Bendigo and Adelaide Bank – Franchise Agents

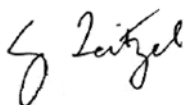
The Board acknowledges the support it receives from Bendigo And Adelaide Bank and we wish to thank Regional Manager Tony Jensen, for his valued input and time committed to the role. We also acknowledge the valuable support given to our **Community Bank**[®] branches by Bendigo and Adelaide Bank business division, ably managed by Yadranka, and supported through their rural division - Rural Bank - by Grant Turner.

Bendigo and Adelaide Bank provides training for Directors and this year several attended both the **Community Bank**[®] State Conference held at Hervey Bay and the national conference, this year held in Darwin along with Director governance training at Innisfail in July.

Directors

I cannot overstate the dedication of the Directors and the valued guidance given to the **Community Bank**[®] company by Graeme Ford, Frank De Iacovo, Cheryl Tonkin, Edward Balzarolo, Natasha Srhoj and Amy Phillips who have given of their time to progress the **Community Bank**[®] branches, and I sincerely thank them for their effort, particularly those who have been with the Board for the past eight years.

Finally, I acknowledge the work of Diana Pregl our Assistant Secretary and Public Relations Co-ordinator for the commitment and dedication she gives to her position. Diana is a tremendous help to the Board functioning each year.



Gilbert Teitzel
Chairman

Managers' report

For year ending 30 June 2014

The combined results of the Mareeba and Dimbulah **Community Bank**[®] branches showed an overall business growth of \$11.1 million for the 2013/14 financial year. The results are reflective of an overall growth in the branches deposit and lending portfolios with total business exceeding \$181 million by 30 June 2014.

Mareeba and Dimbulah **Community Bank**[®] branches have continued to excel both in the community and in the region. Our results are due to the focus of all branch staff receiving ongoing training from Bendigo and Adelaide Bank through attending workshops and completing on line training to improve their skill level and their financial knowledge. This enhances their professionalism and provides better outcomes for our customers and our branches. This reflects the Bendigo and Adelaide Bank's philosophy of aiming to be Australia's most leading customer connected bank.

The Board introduced a structured sponsorship and grants program, which has enabled us to assist even more organisations throughout our communities.

Some of the larger projects that have been supported throughout the year by the Mareeba and Dimbulah **Community Bank**[®] company Board include;

- Wheelbarrow Race
- Mareeba Rodeo
- Dimbulah Lions Festival
- Mareeba Swimming Club
- Nugget of the North and Eureka Races
- Mareeba and Dimbulah Tablelands Men's Shed
- Mareeba Hospital Foundation
- Rural Fire Brigades - Wolfram, Mutchilba and Davies Creek

We would like to thank our staff for their valued contribution throughout the year. They often attend many of these events and they look forward to serving you and helping you with all your financial requirements.

I'd like to acknowledge the many hours of work our Board of Directors accomplish on a volunteer basis for the efficiency and profitability of the Mareeba and Dimbulah **Community Bank**[®] branches, ensuring vital banking services to the Mareeba and Dimbulah surrounding areas and channelling the benefits back to the community in the form of sponsorships and grants.

We would like to encourage our existing shareholders, account holders and supporters to become advocates for our **Community Bank**[®] branches we would therefore encourage you, your friends and family to call in and speak to our staff about our great range of products.

Please feel free to talk to any of the staff at Mareeba or Dimbulah **Community Bank**[®] branches. The growth of our business enables the **Community Bank**[®] company Board to further increase their support of projects and programs in your local area.

Community engagement will continue to be a key focus of our team as a commitment to support the community that supports their **Community Bank**[®] branches.



Stephen Gear
Mareeba Branch Manager



Ann-Maree Zugno
Dimbulah Branch Manager

Bendigo and Adelaide Bank report

For year ending 30 June 2014

The past year marked two very significant milestones for our **Community Bank**[®] network, celebrating the opening of its 300th branch while also reaching \$120 million in community contributions. Both achievements could not have been accomplished without your ongoing support as shareholders and customers.

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

Sixteen years later, the model has grown into something even bigger than that. It has rapidly developed into a partnership that generates a valued, alternative source of income for a community, funding activities or initiatives that make a local town or suburb a better place to live.

In June 2014, the network welcomed its 305th branch in Penola, South Australia, and in the same week, the Victorian coastal town of Port Fairy introduced its community to our unique style of banking. These branches join a robust and maturing banking network where valued partnerships enhance banking services, taking the profits their banking business generates and reinvesting that funding into initiatives that will ultimately strengthen their community.

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

Demand from communities remains strong, with about 30 **Community Bank**[®] branch sites currently in development, and 10 branches expected to open nationally in the next 12 months. The network's steady expansion demonstrates the strength and relevance of a banking model where the desire to support the financial needs of customers is equalled by the desire to realise shared aspirations by harnessing the power of community.

At the end of the financial year 2013/14 the **Community Bank**[®] network had achieved the following:

- Returns to community – \$122.2 million
- **Community Bank**[®] branches – 305
- **Community Bank**[®] branch staff – more than 1,500
- **Community Bank**[®] company Directors – 1,900
- Banking business – \$24.46 billion
- Customers – 550,000
- Shareholders – 72,000
- Dividends paid to shareholders since inception – \$36.7 million.

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

Bendigo and Adelaide Bank report (continued)

In September last year the Bank announced it would commence a comprehensive review of the **Community Bank®** model. The intention of the review is to rigorously explore and analyse the model, setting the vision and strategy for a sustainable and successful commercial model, regardless of changes to operational and market conditions. An update of this review will be provided at the **Community Bank®** National Conference in Darwin in September.

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

To this aim, the Bank supports the Financial Systems Inquiry (FSI) which calls for an even playing field for all banks in an effort to increase customer choice. It takes a principled approach to governing, encouraging banks to consider all members of a community when they do business.

Bendigo and Adelaide Bank is a signatory to the Regional Banking submission in collaboration with Bank of Queensland, Suncorp and ME Bank, while our independent submission focuses on the important role banks play in communities.

Banks inject a high-level of capability and knowledge in the places they operate, supporting the sustainability of communities and helping to ensure they're viable. The Bank calls for a framework that incentivises banks, and the people who work for them, to be good corporate citizens, while promoting ethical decision making, innovation and better outcomes for customers and communities.

This financial year we launched our new **www.bendigobank.com.au** website. Packed with useful information and easy to access online services, our 1.4 million customers can easily connect with us at home, at work or on their mobile or tablet as well as learn more about our commitment to strengthening and supporting local communities.

In line with increasing demand for "anywhere, anytime" banking, we're excited about the impending introduction of our improved online banking platform to our customers later this year.

As **Community Bank®** shareholders you are part of something special, a unique banking movement founded on a whole new way of thinking about banking and the role it plays in modern society.

The **Community Bank®** model is the ultimate example of a win/win partnership and I thank you for your important support of your local **Community Bank®** branch.



Robert Musgrove
Executive Community Engagement

Directors' report

For the financial year ended 30 June 2014

Your Directors present this report on the company for the financial year ended 30 June 2014.

Directors details

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 and Chair of Audit/Finance Committee
Name:	Edward Balzarolo
Position:	Vice-Chairman
Qualifications:	Primary Producer
Special responsibilities:	Marketing & Sponsorship Committee and Governance & Business Development Committee
Name:	Cheryl Eileen Tonkin
Position:	Secretary
Qualifications:	Civil Celebrant/Auctioneer
Special responsibilities:	Governance & Business Development Committee and Human Resources Committee
Name:	Amy Kathryn Phillips
Position:	Treasurer
Qualifications:	HR Systems & Contractual Reports Co-ordinator
Special responsibilities:	Marketing & Sponsorship Committee and Audit/Finance Committee
Name:	Graeme Eric Ford
Position:	Director
Qualifications:	Automotive Dealer
Special responsibilities:	Chair of Governance & Business Development Committee and Chair of Human Resources Committee
Name:	Gianfranco De Iacovo
Position:	Director
Qualifications:	Business Owner
Special responsibilities:	Marketing & Sponsorship Committee
Name:	Natasha Srhoj
Position:	Director
Qualifications:	Accounts Manager Mareeba Express
Special responsibilities:	Marketing & Sponsorship Committee
Name:	Evan David McGrath (ceased: 30/07/2013)
Position:	Director
Qualifications:	Grazier
Special responsibilities:	Audit/Finance Committee and Human Resources Committee

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

Directors' report (continued)

Directors details (continued)

No Directors have material interests in contracts or proposed contracts with the company, except for Gilbert Teitzel whose firm provides accounting services to the company.

Principal activities

The principal activities of the company during the course of the year were providing **Community Bank®** services under management rights to operate a franchised branch of Bendigo and Adelaide 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 30 June 2014 \$	Year ended 30 June 2013 \$
49,065.61	57,060.39

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 special dividend of \$30,135.33 (\$ 0.03 per share) referred to in the previous Directors' report dated 31 December 2013 was paid on 18 September 2013.

Also, the fully franked dividend of \$70,315.77 (\$ 0.07 per share) referred to in the previous Directors' report dated 31 December 2013 was paid on 19 December 2013.

Events arising since 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.

Environmental

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.

Directors' report (continued)

Indemnification and insurance of Directors and Officers

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

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

A copy of the Auditor's independence declaration as required under section 307C of the Corporations Act 2001 has been included on page 10 of this Financial Report and forms part of this Directors Report.

Directors' meetings

During the year twelve Directors' meetings were held. Attendances by each Director during the year were:

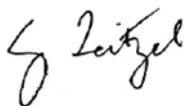
Name of Director	Number eligible to attend	Number attended
Gilbert J Teitzel	12	11
Edward Balzarolo	12	8
Cheryl E Tonkin	12	10
Amy K Phillips	12	9
Graeme E Ford	12	10
Gianfranco De Iacovo	12	9
Natasha Srhoj	12	11
Evan D McGrath	1	0

The Board has sub-committees that meet on an adhoc basis and maintain official records and report to Board meetings as required.

Proceedings on behalf of company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or 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.

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



Gilbert J Teitzel
Director



Graeme E Ford
Director

Dated: 4 September 2014

Auditor's independence declaration

Mareeba & Dimbulah Financial Services Limited

ABN 53 115 503 930

Auditor's Independence Declaration

UNDER SECTION 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 2014 there have been :

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



Cairns Quality Accounting
Alan J Campbell FCPA
Registered Company Auditor #6205

Dated:

09/09/14

Financial statements

Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Revenue from ordinary activities	4	1,499,199.31	1,537,023.87
Gross profit		1,499,199.31	1,537,023.87
Administration and general costs		-210,917.08	-195,073.72
Employment secondment expenses		-810,690.50	-742,593.44
ATM expenses		-15,908.58	-19,150.89
Depreciation and amortisation expenses		-61,967.60	-61,912.20
IT leasing and running costs		-41,727.43	-42,128.28
Occupancy costs		-108,752.46	-104,879.10
Marketing Development Fund expenses		-82,104.27	-87,948.99
Grants and donations		-95,000.00	-200,000.00
Operating profit before income tax		72,131.39	83,337.25
Income tax attributable to operating profit (loss)	5	23,065.78	26,276.86
Operating profit after income tax		49,065.61	57,060.39
Total comprehensive income for the year		49,065.61	57,060.39
Earnings per share (cents per share)		c	c
- basic profit for the year		4.88	5.68

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of financial position as at 30 June 2014

	Note	2014 \$	2013 \$
Assets			
Current assets			
Cash and cash equivalents	7	647,682.18	611,304.14
Trade and other receivables	8	136,403.11	137,942.74
Current tax assets	9	15,527.89	36,539.14
Other	10	4,753.94	4,252.27
Total current assets		804,367.12	790,038.29
Non-current assets			
Receivables	8	24,000.00	32,000.00
Property, plant and equipment	11	213,612.61	231,755.49
Intangible assets	12	229,332.80	257,106.40
Total non-current assets		466,945.41	520,861.89
Total assets		1,271,312.53	1,310,900.18
Liabilities			
Current liabilities			
Trade and other payables	13	103,442.37	93,484.38
Current tax liabilities	14	1,204.85	
Total current liabilities		104,647.22	93,484.38
Total liabilities		104,647.22	93,484.38
Net assets		1,166,665.31	1,217,415.80
Equity			
Contributed equity	15	1,004,511.00	1,004,511.00
Retained profits		162,154.31	212,904.80
Total equity		1,166,665.31	1,217,415.80

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Changes in Equity for the year ended 30 June 2014

	Issued capital \$	Accumulated profit (loss) \$	Total equity \$
Balance at 1 July 2012	1,004,511.00	226,160.18	1,230,671.18
Shares Issued during year	-	-	-
Profit/(loss) attributable to the members of the company		57,060.39	57,060.39
Sub-total:	1,004,511.00	283,220.57	1,287,731.57
Dividends paid or provided for		(70,315.77)	(70,315.77)
Balance at 30 June 2013	1,004,511.00	212,904.80	1,217,415.80
Balance at 1 July 2013	1,004,511.00	212,904.80	1,217,415.80
Shares issued during year	-	-	-
Profit/(loss) attributable to the members of the company		49,065.61	49,065.61
Sub-total:	1,004,511.00	261,970.41	1,266,481.41
Dividends paid or provided for		(99,816.10)	(99,816.10)
Balance at 30 June 2014	1,004,511.00	162,154.31	1,166,665.31

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014

	Note	2014 \$	2013 \$
Cash flow from operating activities			
Receipts from customers		1,478,906.41	1,650,716.32
Payments to suppliers and employees		-1,346,351.61	-1,539,456.93
Interest received		20,692.56	32,758.16
Income tax paid		-10,002.10	-95,985.50
Net cash provided by (used in) operating activities (note 2 of cash flows)		143,245.26	48,032.05
Cash flow from investing activities			
Payment for:			
Loans to other persons		8,000.00	-32,000.00
Payments for property, plant and equipment		-16,051.12	-12,791.50
Proceeds from disposal of:			
Proceeds from sale of property		1,000.00	
Net cash provided by (used in) investing activities		-7,051.12	-44,791.50
Cash flow from financing activities			
Dividends paid		-99,816.10	-70,315.77
Net cash provided by (used in) financing activities		-99,816.10	-70,315.77
Net increase (decrease) in cash held		36,378.04	-67,075.22
Cash at the beginning of the year		611,304.14	678,379.36
Cash at the end of the year (note 1 of cash flows)		647,682.18	611,304.14

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cash Flows for the year ended 30 June 2014 (continued)

Cash flows note 1. 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, net of outstanding bank overdrafts.

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:

	2014 \$	2013 \$
Cash at bank	147,682.18	100,288.34
Term deposit	500,000.00	511,015.80
	647,682.18	611,304.14

Cash Flows Note 2. Reconciliation of net cash provided by/used in operating activities to net profit

Operating profit (loss) after tax	49,065.61	57,060.39
Depreciation	34,194.00	34,143.00
Amortisation	27,773.60	27,769.20
Increase/(decrease) in provision for income tax	11,637.50	-70,984.32
(Profit) / Loss on sale of property, plant and equipment	-1,000.00	
Increase/(decrease) in future income tax benefit	1,426.18	1,275.68
Changes in assets and liabilities net of effects of purchases and disposals of controlled entities		
(Increase) decrease in trade and term debtors	1,539.63	-3,975.96
(Increase) decrease in prepayments	-501.67	737.77
Increase (decrease) in trade creditors and accruals	10,013.89	12,105.29
Increase (decrease) in sundry provisions	9,096.52	-10,099.00
Net cash provided by operating activities	143,245.26	48,032.05

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2014

Note 1. General information and statement of compliance

(A) Basis of preparation

The company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from 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 Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 30 June 2014 were signed on 4 September 2014 and approved and authorised for issue by the Board of Directors on 24 September 2014.

New and revised standards that are effective for these financial statements

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below.

AASB 13 Fair value measurement

AASB 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of AASB 13 is broad and it applies for both financial and non-financial items for which other Australian Accounting Standards require or permit fair value measurements or disclosures about fair value measurements, except in certain circumstances.

AASB 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The company has however included as comparative information the AASB 13 disclosures that were required previously by AASB 7 Financial Instruments: Disclosures.

The company has applied AASB 13 for the first time in the current year, see Notes 13 and 30.

Amendments to AASB 119 Employee benefits

The 2011 amendments to AASB 119 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability; and
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks

Notes to the financial statements (continued)

Note 1. General information and statement of compliance (continued)

New and revised standards that are effective for these financial statements (continued)

Amendments to AASB 119 Employee benefits (continued)

Under the amendments, employee benefits 'expected to be settled wholly' (as opposed to 'due to be settled' under the superseded version of AASB 119) within twelve (12) months after the end of the reporting period are short-term benefits, and are therefore not discounted when calculating leave liabilities. As the company does not expect all annual leave for all employees to be used wholly within twelve (12) months of the end of reporting period, annual leave is included in 'other long-term benefit' and discounted when calculating the leave liability. This change has had no impact on the presentation of annual leave as a current liability in accordance with AASB 101 Presentation of Financial Statements. The application of AASB 119 did not have a material impact on the statement of profit or loss and other comprehensive income, the statement of financial position, the statement of cash flows or the earnings per share for the years ended 30 June 2013 and 30 June 2014.

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.

Notes to the financial statements (continued)

Note 1. General information and statement of compliance (continued)

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).

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 substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to 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).

Notes to the financial statements (continued)

Note 1. General information and statement of compliance (continued)

Income tax (continued)

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 the corresponding tax base of those items.

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

Deferred 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.

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 sick 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.

Notes to the financial statements (continued)

Note 1. General information and statement of compliance (continued)

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 or 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.

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

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

Provisions

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

Notes to the financial statements (continued)

Note 1. General information and statement of compliance (continued)

Provisions (continued)

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 Statement of cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Note 2. Financial instruments

Liquidity risk

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

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.

Notes to the financial statements (continued)

Note 2. Financial instruments (continued)

Capital management (continued)

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts for the year ended 30 June will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year 2014 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, operating costs, capital expenditure, dividends and other capital management transactions. Judgements are also required about the application of income tax legislation.

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

Notes to the financial statements (continued)

Note 3. Critical accounting estimates and judgements (continued)

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.

	2014 \$	2013 \$
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Note 4. Revenues from ordinary activities

Operating activities:

Gross margin	921,795.31	900,718.21
Upfront product commission	55,152.83	54,813.99
Trailer product commission	254,908.60	305,307.99
Fee income	160,132.71	158,976.32
Market Development Fund	85,000.11	81,666.78
Hire of labour	517.19	457.91
Refunds & reimbursements		2,324.51
Total revenue from operating activities	1,477,506.75	1,504,265.71
Non-operating activities:		
Interest revenue	20,692.56	32,758.16
Profit on sale of property, plant, equip	1,000.00	
Total revenue from non-operating activities	21,692.56	32,758.16
Total revenues from ordinary activities	1,499,199.31	1,537,023.87

Notes to the financial statements (continued)

	2014 \$	2013 \$
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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 at 30%	21,639.60	25,001.18
Prima facie income tax at 30%		
Add tax effect of:		
- Prepaid insurance	1,426.18	1,275.68
Income tax expense/(revenue)	23,065.78	26,276.86
Income tax expense attributable to profit from ordinary activities	23,065.78	26,276.86
The applicable weighted average effective tax rates are as follows (%):	31.98	31.53

Note 6. Dividends

Dividends provided for or paid	99,816.10	70,315.77
	99,816.10	70,315.77

At the date of this report \$665.00 of returned dividends dated 19th December 2013 were still to be reissued.

A special dividend of \$30.00 dated 18th September 2013 was paid twice, and as at the date of this report the second payment is yet to be reimbursed to the company.

	2014 \$	2013 \$
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Note 7. Cash and cash equivalents

Bank accounts:

Bendigo Cheque account	85,817.41	43,767.99
Bendigo Market Development Fund account	61,869.15	57,585.13
Bendigo Business Solutions account	-150.85	-1,122.46
Bendigo Business Cash Management account	146.47	57.68
Other cash items:		
Bendigo term deposit	500,000.00	511,015.80
	647,682.18	611,304.14

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 7. Cash and cash equivalents (continued)

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	647,833.03	612,426.60
- Bank overdrafts	-150.85	-1,122.46
	647,682.18	611,304.14

Note 8. Trade and other receivables

Current

Trade debtors	136,403.11	137,942.74
	136,403.11	137,942.74

Non-current

Amounts receivable from

- Loan: Mareeba Golf Club Inc	24,000.00	32,000.00
	24,000.00	32,000.00

The Mareeba Golf Club Inc loan is payable in four equal instalments of \$8,000.00 beginning with the first payment due on the first anniversary of the loan (dated 31 January 2013); then annually thereafter, concluding on 31 January 2017. No interest is charged on the loan. A first mortgage security over the borrower's water allocation is held to secure the payment obligations. The loan is fully documented.

	2014 \$	2013 \$
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Note 9. Tax assets

Current

GST Payable control account	-24,829.97	-24,804.96
Input tax credit control account	31,997.47	41,124.88
Provision for income tax	8,360.39	19,997.89
Deferred tax assets		221.33
	15,527.89	36,539.14

Notes to the financial statements (continued)

	2014 \$	2013 \$
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Note 10. Other assets

Current

Prepayments	4,753.94	4,252.27
	4,753.94	4,252.27

Note 11. Property, plant and equipment

Leasehold improvements:

- At cost	465,773.01	449,721.89
- Less: Accumulated depreciation	-255,578.36	-223,272.36
	210,194.65	226,449.53

Plant and equipment:

- At cost	10,183.96	10,183.96
- Less: Accumulated depreciation	-6,766.00	-4,878.00
	3,417.96	5,305.96

Total written down amount	213,612.61	231,755.49
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Note 12. Intangible assets

Start-up costs:

- At cost	170,000.00	170,000.00
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Franchise fees:

- At cost	43,140.00	43,140.00
- Less: Accumulated amortisation	-16,590.00	-11,958.00
	26,550.00	31,182.00

Renewal process fees:

- At cost	115,706.00	115,705.00
- Less: Accumulated amortisation	-82,923.20	-59,781.00
	32,782.80	55,924.40

Total written down amount	229,332.80	257,106.40
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Notes to the financial statements (continued)

	2014 \$	2013 \$
Note 13. Trade and other payables		
Unsecured:		
- Trade creditors	103,393.77	93,379.88
- Deposits refundable (POS)	48.60	104.50
	103,442.37	93,484.38

Note 14. Tax liabilities

Current

Deferred Tax Assets	1,204.85
	1,204.85

Note 15. Contributed capital

1,004,511 Ordinary shares at \$1.00 each fully paid	1,004,511.00	1,004,511.00
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Rights attached to shares

Voting 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.

Notes to the financial statements (continued)

Note 15. Contributed capital (continued)

Rights attached to shares (continued)

Transfer (continued)

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.

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 510 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 enforce Board may cause considerable disadvantage to individual shareholders, but that such a result may be necessary to enforce the prohibition.

	2014 \$	2013 \$
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Note 16. Leases

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

Payable - minimum lease payments

- not later than 12 months	51,280.96	49,042.44
- between 12 months and 5 years	220,976.51	211,330.53

Notes to the financial statements (continued)

Note 16. Leases (continued)

The Mareeba property lease is a non-cancellable lease with an eight years six month term, due to expire on 30 November 2015, with rent payable monthly in advance. There remains two five year options 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 first five year option was taken up and due to expire on 30 November 2015, with one further option available.

Note 17. 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.

	2014 \$	2013 \$
Related party transactions:		
The following transactions occurred with related parties:		
Payment for goods and services:		
- Payment for services from associates	18,310.00	17,500.00
Shareholdings		
Number of shares held by Directors:	33,596.00	33,596.00

Note 18. 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 19. Contingent liabilities

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

Note 20. 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.

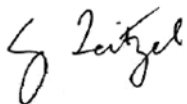
Directors' declaration

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 2014 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.



Gilbert J Teitzel
Director



Graeme E Ford
Director

Dated: 4 September 2014

Independent audit report



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INDEPENDENT AUDIT REPORT

Independent Auditor's Report
To the members of Mareeba and Dimbulah Financial Services Ltd

Report on the Financial Report

We have audited the accompanying financial report of Mareeba and Dimbulah Financial Services Ltd which comprises the statement of Profit or Loss and other comprehensive income for the year ended 30 June 2014, statement of financial position as at 30 June 2014, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

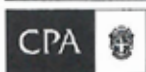
The Directors of the entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit involves performing procedures to obtain 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 entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



Cairns Quality Accounting is a CPA Practice

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Megan O'Neill Pty Ltd ATF the O'Neill Discretionary Trust TA Cairns Quality Accounting ABN 48 471 713 261
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Independent audit report (continued)

INDEPENDENT AUDITOR'S REPORT continued

Independence

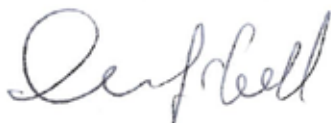
In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*, Australian professional accounting bodies and others.

Auditor's Opinion

In our opinion

- (a) 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 2014 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*; and

Cairns Quality Accounting



Alan J Campbell FCPA
Registered Company Auditor #6205
Cairns Quality Accounting

Signed at Cairns on 9 September 2014



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