



Midwest Community
Enterprises Limited

ABN 90 132 512 460

**ANNUAL
REPORT
2013**

Geraldton **Community Bank®** Branch

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Chairman's report

For year ending 30 June 2013

It is pleasing to report to our shareholders that we finish our fourth full year of operation in a positive and exciting growth phase. The year has shown us that the community message has started to get through to the wider population and we are now starting to see both loan and deposit growth at the levels we have budgeted for. This gives us all hope that the 2013/14 financial year will provide our first profitable result, and give us the ability to start rewarding our loyal shareholders for their unwavering commitment via a first dividend, which still remains a crucial priority of our Board.

The financial services industry still remains competitive with reducing margins and a lowering of interest rates. This has reduced our income going forward, but also is starting to highlight the "competitive advantage" we have that profits from banking with your local Bendigo **Community Bank**[®] branch are provided back to our community. As more and more people understand, the stronger our Bank will become ... so do you bank with us?

Once again I would like to recognize our manager Jody Beven. To have someone of Jody's knowledge and commitment to our Branch will always be a strong benefit to our future. He understands, and believes in what we are trying to achieve, and is unwavering in his strength of purpose. This also relates to all our staff at the Branch. They do more than just work, they are community minded people who go beyond the norm to help us all.

I would also like to welcome Emma Howell and Andrew Outhwaite to our Board. Along with our long serving Board members, they provide thoughtful analysis, a questioning mind and refreshing energy that keeps our Board vibrant and on course to achieve results. They all spend a lot of time doing financially unrewarded work because they are people who want to make an enormous contribution to the community. It is a focused and determined Board which can see great results in the future.

We are also pleased to commence our Shareholder newsletter to keep you all better informed on the progress of the Branch, and to provide interesting and informative news that will help you to understand the opportunities the Bank provides.

Finally, a little reflection!

When we started this journey, I think we were all hoping to become profitable a lot quicker than is the case. But the circumstances that prevail, the increased competition and the reducing margins in a low interest environment has delayed this goal. But I know that we now sit ready to exploit the opportunities ahead. With our own specialist Business Banker and Agribusiness Banker we have invested in our structure to move forward with an offering second to none. I am genuinely excited that we have now done the hard yards and the rewards will start to show over the years to come. To all our loyal shareholders, stay committed and engaged, and I am sure you will be rewarded well in the future both from a dividend outcome, but more importantly the feeling you will get from being the vision behind what I can assure you will be one of the most successful community funding organizations in the region.... So be proud!

Thanks to all, and remember we are available at any time to get your feedback.

Regards,



Rob Houwen
Chairman

Manager's report

For year ending 30 June 2013

Well another year has come and gone and I feel like I could just change the dates on last year's Annual Report because the similarities to the last period are remarkable! The growth in business, account numbers, balances and the staff turnover in challenging economic times continued through late 2012 and in early 2013.

The year saw solid growth in banking business; in fact balances grew by \$16 million over the financial year, and as at June 2013 we have over 1,900 accounts opened by over 1,350 clients (increases of 300 and 175 respectively). Growth for the year was 80% of the projected \$20 million and still represented a strong commitment by the local community to their belief in our business model.

The other thing that we have increased over the past 12 months was our interaction in the community and in sponsoring or partnering in events around the region. Examples include the Mullewa Agricultural Show, the Mullewa Rodeo and Muster, the Mid West Youth Science Forum and the Goodness and Innovation Festival just to name a few. The result of our association with these events is greater awareness of our business model and our commitment to returning banking profits to our local community.

On the subject of profitability, the past year remained difficult for Bendigo Bank in terms of margin income on loans and deposits and resulted in further adjustment to some income streams distributed to their community franchisees. This adjustment that has transitioned over the past two years is all that stopped us reporting our first full year profit in 2012/13. The positive outcome from these decisions has been to focus the Board and staff on maximising every opportunity and looking for ways to deepen our relationships with customers into the future.

Our staffing has undergone changes again with Tom Schaberau leaving the Business Banking Manager role early in 2013 to take up a position as Branch Manager at Busselton. We have not yet found a suitable replacement but we hope to have some positive news on this by September. We welcomed Jeff Lycett as the Rural Bank Agribusiness Manager in late 2012 and he is gaining traction as he makes himself known around the region. Michelle Watt remains in her role assisting Jeff and currently managing the Business Banking portfolio while Tom's replacement is sought.

In the branch we added Kate York to our team in June, as our part-time Customer Relationship Manager focused on personal lending. Kate has over 10 years experience in consumer lending and is already proving to be a valuable addition. Donna Bawden left us recently and we will be replacing her with a part time team member soon. These changes will give us the best mix of youth and experience we have ever had and we are already seeing benefits in terms of increased lending business and better customer experience. Kelly Eastough, Mandy Woodman and Stevee Adamini remain as full time members of the branch team and are doing a fantastic job under challenging circumstances at times.

The Board, led by Rob Houwen, continues to provide fantastic support and direction to the staff and are looking for any opportunity to promote our business and introduce their friends and business associates to our staff. Their ongoing commitment and vision is our inspiration.

In 2013/14 I am very hopeful of continuing our solid growth in business and the early signs are very positive. The challenge beyond that is to contain expenses and generate additional income, from all sources including non traditional bank products, so as to try to post a full year profit.

We ask that all our shareholders continue to support us, with your banking business and by promoting our service and experience with your families, friends and acquaintances. We appreciate your patience as we build a sustainable operation and the more customers we have the sooner we can look to reward you with a dividend.

I am looking forward to sharing even more success with you in coming years.



Jody Beven
Branch Manager

Directors' report

For the financial year ended 30 June 2013

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

Directors

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

Robert Francis Houwen

Chairman

Occupation: Manager

Experience & expertise: Over 20 years experience as Dealer/Principal of Geraldton Toyota. Member of Rotary club.

Interest in shares: 50,001

Wayne John Clarkson

Director

Occupation: Insurance Broker/AFSL Holder

Experience & expertise: Dip.Fin.Serv. Senior Associate CIP Committee member of Geraldton Turf Club Inc.

Member of Spalding Park Golf Club.

Interest in shares: 28,001

Gerard Dale Marquis

Director

Occupation: General Manager

Experience & expertise: Previous owner of Harvey Norman franchise. Current GM of Geraldton Newspaper. On the board of St Francis Xavier PS.

Interest in shares: Nil

Trina Michelle Vasic

Director (On leave from 1 October 2012)

Occupation: Driver Trainer/Instructor

Experience & expertise: Owner/Proprietor of Midwest Driver Training 13+ years. Cert IV Driving Instructor. 10 years volunteering on road safety committees.

Interest in shares: 2,000

Andrew Outhwaite

Director (Appointed 22 January 2013)

Occupation: Executive Officer

Experience & expertise: Executive Officer of Pollinators Inc. Previously a sustainability and strategy consultant & trainer.

Interest in shares: Nil

Paul James Adam

Treasurer

Occupation: Accountant

Experience & expertise: B.Bus. CPA. Principal of accounting practice Adam Hunter Pty Ltd.

Interest in shares: 7,001

Gary Bruce Clark

Director

Occupation: Consultant

Experience & expertise: Assoc Dip Recreation. Regional Manager Dept of Sport and Recreation (35 Years). Life member of various sporting clubs in the Geraldton area.

Interest in shares: 7,001

Harold McCashney

Director

Occupation: Retired Farmer

Primary Producer for working life. 14 years in the local government. 10 years as an Executive of WA Farmers, including 3 years as State Treasurer.

Interest in shares: 30,001

Emma Howell

Director (Appointed 27 November 2012)

Occupation: Partnership Broker

Experience & expertise: Owner/Director of Its All Sorted & Midwest Mudlarks. Previous library clerk, laneways officer & clerical trainee with Main Roads.

Interest in shares: Nil

Paul Lawrence McKenzie

Director (Resigned 20 March 2013)

Occupation: Agriculture Consultant

Experience & expertise: B.Sc(Agric), B.Com, FAICD. Experienced management consultant for 20+ years. Former Member of Geraldton Surf Lifesaving Club.

Interest in shares: 13,001

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

Directors' report (continued)

Company Secretary

The company secretary is Lana Cherie Beven. Lana was appointed Company Secretary at the AGM held 14th November 2012, she was appointed as a Non Director to carry out the Secretarial duties following the resignation of Gemma. Lana is self-employed in the business administration field and has extensive administration, office management and banking experience. She has lived and worked in the Midwest for over ten years.

Principal Activities

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

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

Operating Results

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

	Year ended 30 June 2013 \$	Year ended 30 June 2012 \$
	(50,529)	(85,521)

Remuneration report

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

There are no Executives within the company whose remuneration is required to be disclosed.

Dividends

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

Significant Changes in the State of Affairs

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

Matters Subsequent to the End of the Financial Year

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

Likely Developments

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

Environmental Regulation

The company is not subject to any significant environmental regulation.

Directors' report (continued)

Directors' Benefits

No director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company, controlled entity or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest except as disclosed in note 19 to the financial statements. This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the company's accounts, or the fixed salary of a full-time employee of the company, controlled entity or related body corporate.

Indemnification and Insurance of Directors' and Officers

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

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

Directors' Meetings

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

	Board Meetings Attended	
	Eligible	Attended
Robert Francis Houwen	12	12
Paul James Adam	12	9
Wayne John Clarkson	12	10
Gary Bruce Clark	12	8
Gerard Dale Marquis	12	9
Harold McCashney	12	11
Trina Michelle Vasic (Leave of absence from 1 October 2012)	3	2
Emma Howell (Appointed 27 November 2012)	8	3
Andrew Outhwaite (Appointed 22 January 2013)	6	5
Paul Lawrence McKenzie (Resigned 20 March 2013)	9	6

Non Audit Services

The company may decide to employ the auditor on assignments additional to their statutory duties where the auditor's expertise and experience with the company are important. Details of the amounts paid or payable to the auditor (Andrew Frewin & Stewart) for audit and non audit services provided during the year are set out in the notes to the accounts.

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

Directors' report (continued)

Non Audit Services (continued)

The directors are satisfied that the provision of non-audit services by the auditor, as set out in the notes did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact on the impartiality and objectivity of the auditor;
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

Signed in accordance with a resolution of the board of directors at Geraldton, Western Australia on 20 September 2013.



Robert Francis Houwen,
Chairman

Auditor's independence declaration



Lead auditor's independence declaration under section 307C of the *Corporations Act 2001* to the directors of Midwest Community Enterprises Limited

I declare, that to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2013 there have been no contraventions of:

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

A handwritten signature in black ink, appearing to read 'David Hutchings'.

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

Dated: 20 September 2013

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344 | F: (03) 5443 5304 | 61-65 Bull St./PO Box 454 Bendigo Vic. 3552 | afs@afsbendigo.com.au | www.afsbendigo.com.au

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Financial statements

Statement of Comprehensive Income for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Revenues from ordinary activities	4	768,532	677,373
Employee benefits expense		(471,183)	(448,255)
Charitable donations, sponsorship, advertising and promotion		(50,546)	(46,795)
Occupancy and associated costs		(91,084)	(82,681)
Systems costs		(39,137)	(42,144)
Depreciation and amortisation expense	5	(50,555)	(52,541)
General administration expenses		(132,349)	(121,269)
Loss before income tax credit		(66,322)	(116,312)
Income tax credit	6	15,793	30,791
Loss after income tax credit		(50,529)	(85,521)
Total comprehensive income for the year		(50,529)	(85,521)
Earnings per share (cents per share)		c	c
- basic for profit for the year	21	(3.61)	(6.11)

The accompanying notes form part of these financial statements.

Financial statements (continued)

Balance Sheet as at 30 June 2013

	Note	2013 \$	2012 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	90,113	84,963
Trade and other receivables	8	59,877	58,917
Total Current Assets		149,990	143,880
Non-Current Assets			
Property, plant and equipment	9	215,417	242,537
Intangible assets	10	20,158	42,158
Deferred tax assets	11	319,959	304,166
Total Non-Current Assets		555,534	588,861
Total Assets		705,524	732,741
LIABILITIES			
Current Liabilities			
Trade and other payables	12	35,574	25,286
Provisions	13	29,099	21,148
Total Current Liabilities		64,673	46,434
Non-Current Liabilities			
Provisions	13	16,635	11,562
Total Non-Current Liabilities		16,635	11,562
Total Liabilities		81,308	57,996
Net Assets		624,216	674,745
Equity			
Issued capital	14	1,358,402	1,358,402
Accumulated losses	15	(734,186)	(683,657)
Total Equity		624,216	674,745

The accompanying notes form part of these financial statements.

Financial statements (continued)

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

	Issued Capital \$	Accumulated Losses \$	Total Equity \$
Balance at 1 July 2011	1,358,402	(598,136)	760,266
Total comprehensive income for the year	-	(85,521)	(85,521)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2012	1,358,402	(683,657)	674,745
Balance at 1 July 2012	1,358,402	(683,657)	674,745
Total comprehensive income for the year	-	(50,529)	(50,529)
Transactions with owners in their capacity as owners:			
Shares issued during period	-	-	-
Costs of issuing shares	-	-	-
Dividends provided for or paid	-	-	-
Balance at 30 June 2013	1,358,402	(734,186)	624,216

The accompanying notes form part of these financial statements.

Financial statements (continued)

Statement of Cashflows for the Year Ended 30 June 2013

	Note	2013 \$	2012 \$
Cash Flows From Operating Activities			
Receipts from customers		772,009	730,034
Payments to suppliers and employees		(766,008)	(825,197)
Interest received		584	2,629
Net cash provided by/(used in) operating activities	16	6,585	(92,534)
Cash Flows From Investing Activities			
Payments for property, plant and equipment		(1,435)	(1,283)
Net cash used in investing activities		(1,435)	(1,283)
Cash Flows From Financing Activities			
Repayment of borrowings		-	(10,300)
Net cash used in financing activities		-	(10,300)
Net decrease in cash held		5,150	(104,117)
Cash and cash equivalents at the beginning of the financial year		84,963	189,080
Cash and cash equivalents at the end of the financial year	7(a)	90,113	84,963

The accompanying notes form part of these financial statements.

Notes to the financial statements

For year ended 30 June 2013

Note 1. Summary of Significant Accounting Policies

a) Basis of Preparation

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

Compliance with IFRS

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

Critical accounting estimates

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

Historical cost convention

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

Comparative figures

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

Adoption of new and revised Accounting Standards

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

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

a) Basis of Preparation (continued)

Economic dependency - Bendigo and Adelaide Bank Limited

The company has entered into a franchise agreement with Bendigo and Adelaide Bank Limited that governs the management of the **Community Bank**[®] branch at Geraldton, Western Australia.

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

All deposits are made with Bendigo and Adelaide Bank Limited, and all personal and investment products are products of Bendigo and Adelaide Bank Limited, with the company facilitating the provision of those products. All loans, leases or hire purchase transactions, issues of new credit or debit cards, temporary or bridging finance and any other transaction that involves creating a new debt, or increasing or changing the terms of an existing debt owed to Bendigo and Adelaide Bank Limited, must be approved by Bendigo and Adelaide Bank Limited. All credit transactions are made with Bendigo and Adelaide Bank Limited, and all credit products are products of Bendigo and Adelaide Bank Limited.

Bendigo and Adelaide Bank Limited provides significant assistance in establishing and maintaining the **Community Bank**[®] branch franchise operations. It also continues to provide ongoing management and operational support, and other assistance and guidance in relation to all aspects of the franchise operation, including advice in relation to:

- advice and assistance in relation to the design, layout and fit out of the **Community Bank**[®] branch;
- training for the branch manager and other employees in banking, management systems and interface protocol;
- methods and procedures for the sale of products and provision of services;
- security and cash logistic controls;
- calculation of company revenue and payment of many operating and administrative expenses
- the formulation and implementation of advertising and promotional programs; and
- sales techniques and proper customer relations.

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

b) Revenue

Revenue is recognised when the amount of revenue can be reliably measured, it is probable that future economic benefit will flow to the company and any specific criteria have been met. Interest and fee revenue is recognised when earned. The gain or loss on disposal of property, plant and equipment is recognised on a net basis and is classified as income rather than revenue. All revenue is stated net of the amount of Goods and Services Tax (GST).

Revenue calculation

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

b) Revenue (continued)

Revenue calculation (continued)

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

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

c) Income Tax

Current tax

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

Deferred tax

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

c) Income Tax (continued)

Current and deferred tax for the period

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

d) Employee Entitlements

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

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

e) Cash and Cash Equivalents

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

f) Trade Receivables and Payables

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

g) Property, Plant and Equipment

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

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

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

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

h) Intangibles

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

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

i) Payment Terms

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

j) Borrowings

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

k) Financial Instruments

Recognition and initial measurement

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

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

Derecognition

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

Classification and subsequent measurement

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Financial liabilities

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

Impairment

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

Notes to the financial statements (continued)

Note 1. Summary of Significant Accounting Policies (continued)

l) Leases

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

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

m) Provisions

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

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

n) Contributed Equity

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

o) Earnings Per Share

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

p) Goods and Services Tax

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

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

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

Notes to the financial statements (continued)

Note 2. Financial Risk Management

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

Risk management is carried out directly by the board of directors.

(i) Market risk

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

(ii) Price risk

The company is not exposed to equity securities price risk as it does not hold investments for sale or at fair value. The company is not exposed to commodity price risk.

(iii) Credit risk

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

(iv) Liquidity risk

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

(v) Cash flow and fair value interest rate risk

Interest-bearing assets are held with Bendigo and Adelaide Bank Limited and subject to movements in market interest. Interest-rate risk could also arise from long-term borrowings. Borrowings issued at variable rates expose the company to cash flow interest-rate risk. The company believes that its sound relationship with Bendigo and Adelaide Bank Limited mitigates this risk significantly.

(vi) Capital management

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

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

(i) the distribution limit is the greater of:

- (a) 20% of the profit or funds of the franchisee otherwise available for distribution to shareholders in that 12 month period; and
- (b) subject to the availability of distributable profits, the relevant rate of return multiplied by the average level of share capital of the franchisee over that 12 month period; and

(ii) the relevant rate of return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

Notes to the financial statements (continued)

Note 2. Financial Risk Management (continued)

(vi) Capital management (continued)

The board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2013 can be seen in the statement of comprehensive income.

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

Note 3. Critical Accounting Estimates and Judgements

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

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

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

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

Taxation

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

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

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

Estimation of useful lives of assets

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

Notes to the financial statements (continued)

Note 3. Critical Accounting Estimates and Judgements (continued)

Impairment of assets

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

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

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

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

	2013 \$	2012 \$
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Note 4. Revenue from Ordinary Activities

Operating activities:

- services commissions	717,948	624,744
- other revenue	50,000	50,000
Total revenue from operating activities	767,948	674,744

Non-operating activities:

- interest received	584	2,629
Total revenue from non-operating activities	584	2,629
Total revenues from ordinary activities	768,532	677,373

Notes to the financial statements (continued)

	Note	2013 \$	2012 \$
Note 5. Expenses			
Depreciation of non-current assets:			
- plant and equipment		4,823	6,503
- leasehold improvements		16,257	16,353
- motor vehicle		7,475	7,685
Amortisation of non-current assets:			
- franchise agreement		2,000	2,000
- franchise establishment fee		20,000	20,000
		50,555	52,541
Finance costs:			
Bad debts		392	371

Note 6. Income Tax Credit

The components of tax expense comprise:

- Future income tax benefit attributed to losses	(12,948)	(31,973)
- Movement in deferred tax	(2,845)	1,182
	(15,793)	(30,791)

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

Operating loss	(66,322)	(116,312)
Prima facie tax on loss from ordinary activities at 30%	(19,897)	(34,894)
Add tax effect of:		
- non-deductible expenses	6,600	6,600
- timing difference expenses	2,845	(1,182)
- other deductible expenses	(2,496)	(2,497)
	(12,948)	(31,973)
Movement in deferred tax	11	(2,845)
	(15,793)	(30,791)

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 7. Cash and Cash Equivalents

Cash at bank and on hand	38,929	14,334
Term deposits	51,184	70,629
	90,113	84,963

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

Note 7.(a) Reconciliation of cash

Cash at bank and on hand	38,929	14,334
Term deposits	51,184	70,629
	90,113	84,963

Note 8. Trade and Other Receivables

Trade receivables	53,692	57,753
Prepayments	6,185	1,164
	59,877	58,917

Note 9. Property, Plant and Equipment

Plant and equipment

At cost	56,838	55,404
Less accumulated depreciation	(28,372)	(23,550)
	28,466	31,854

Leasehold improvements

At cost	252,539	252,539
Less accumulated depreciation	(65,588)	(49,330)
	186,951	203,209

Motor vehicle

At cost	30,655	30,655
Less accumulated depreciation	(30,655)	(23,181)
	-	7,474

Total written down amount	215,417	242,537
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Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 9. Property, Plant and Equipment (continued)		
Movements in carrying amounts:		
Plant and equipment		
Carrying amount at beginning	31,854	37,074
Additions	1,434	1,283
Disposals	-	-
Less: depreciation expense	(4,822)	(6,503)
Carrying amount at end	28,466	31,854
Leasehold improvements		
Carrying amount at beginning	203,209	219,562
Additions	-	-
Disposals	-	-
Less: depreciation expense	(16,258)	(16,353)
Carrying amount at end	186,951	203,209
Motor vehicle		
Carrying amount at beginning	7,474	15,159
Additions	-	-
Disposals	-	-
Less: depreciation expense	(7,474)	(7,685)
Carrying amount at end	-	7,474
Total written down amount	215,417	242,537

Note 10. Intangible Assets

Franchise fee		
At cost	10,000	10,000
Less: accumulated amortisation	(8,171)	(6,171)
	1,829	3,829
Establishment processing fee		
At cost	100,000	100,000
Less: accumulated amortisation	(81,671)	(61,671)
	18,329	38,329
Total written down amount	20,158	42,158

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 11. Tax		
Deferred tax assets		
- accruals	1,104	660
- employee provisions	13,720	9,813
- tax losses carried forward	306,990	294,042
	321,814	304,515
Deferred tax liability		
- accruals	-	-
- deductible prepayments	1,855	349
	1,855	349
Net deferred tax asset	319,959	304,166
Movement in deferred tax charged to statement of comprehensive income	15,793	30,791

Note 12. Trade and Other Payables

Trade creditors	6,447	-
Other creditors and accruals	29,127	25,286
	35,574	25,286

Note 13. Provisions

Current:

Provision for annual leave	29,099	21,148
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Non-Current:

Provision for long service leave	16,635	11,562
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Note 14. Contributed Equity

1,400,009 Ordinary shares fully paid (2012: 1,400,009)	1,400,009	1,400,009
Less: equity raising expenses	(41,607)	(41,607)
	1,358,402	1,358,402

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Rights attached to shares

(a) Voting rights

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

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

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

(b) Dividends

Generally, dividends are payable to members in proportion to the amount of the share capital paid up on the shares held by them, subject to any special rights and restrictions for the time being attaching to shares. The franchise agreement with Bendigo and Adelaide Bank Limited contains a limit on the level of profits or funds that may be distributed to shareholders. There is also a restriction on the payment of dividends to certain shareholders if they have a prohibited shareholding interest (see below).

(c) Transfer

Generally, ordinary shares are freely transferable. However, the directors have a discretion to refuse to register a transfer of shares.

Subject to the foregoing, shareholders may transfer shares by a proper transfer effected in accordance with the company's constitution and the Corporations Act.

Prohibited shareholding interest

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

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

- They control or own 10% or more of the shares in the company (the "10% limit").
- In the opinion of the board they do not have a close connection to the community or communities in which the company predominantly carries on business (the "close connection test").
- Where the person is a shareholder, after the transfer of shares in the company to that person the number of shareholders in the company is (or would be) lower than the base number (the "base number test"). The base number is 217. As at the date of this report, the company had 241 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.

Notes to the financial statements (continued)

Note 14. Contributed Equity (continued)

Prohibited shareholding interest (continued)

The board has the power to request information from a person who has (or is suspected by the board of having) a legal or beneficial interest in any shares in the company or any voting power in the company, for the purpose of determining whether a person has a prohibited shareholding interest. If the board becomes aware that a member has a prohibited shareholding interest, it must serve a notice requiring the member (or the member's associate) to dispose of the number of shares the board considers necessary to remedy the breach. If a person fails to comply with such a notice within a specified period (that must be between three and six months), the board is authorised to sell the specified shares on behalf of that person. The holder will be entitled to the consideration from the sale of the shares, less any expenses incurred by the board in selling or otherwise dealing with those shares.

In the constitution, members acknowledge and recognise that the exercise of the powers given to the board may cause considerable disadvantage to individual members, but that such a result may be necessary to enforce the prohibition.

	2013 \$	2012 \$
Note 15. Accumulated Losses		
Balance at the beginning of the financial year	(683,657)	(598,136)
Net loss from ordinary activities after income tax	(50,529)	(85,521)
Balance at the end of the financial year	(734,186)	(683,657)

Note 16. Statement of Cashflows

Reconciliation of loss from ordinary activities after tax to net cash used in operating activities

Loss from ordinary activities after income tax	(50,529)	(85,521)
Non cash items:		
- depreciation	28,555	30,541
- amortisation	22,000	22,000
Changes in assets and liabilities:		
- increase in receivables	(960)	(9,807)
- increase in other assets	(15,793)	(30,791)
- increase/(decrease) in payables	10,288	(10,255)
- increase/(decrease) in provisions	13,024	(8,701)
Net cashflows (used in)/provided by operating activities	6,585	(92,534)

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 17. Leases

Operating lease commitments

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

Payable - minimum lease payments

- not later than 12 months	58,320	58,320
- between 12 months and 5 years	-	58,320
	58,320	116,640

The Business premises lease is a non-cancellable lease with a 5 year term, with rent payable monthly in advance. The current lease expires on 1 June 2014, with 2 further 5 year option.

Note 18. Auditor's Remuneration

Amounts received or due and receivable by the auditor of the company for:

- audit and review services	3,600	3,400
- non audit services	1,430	1,360
	5,030	4,760

Note 19. Director and Related Party Disclosures

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

Robert Francis Houwen

Paul James Adam

Wayne John Clarkson

Gary Bruce Clark

Gerard Dale Marquis

Harold McCashney

Trina Michelle Vasic (Leave of absence from 1 October 2012)

Emma Howell (Appointed 27 November 2012)

Andrew Outhwaite (Appointed 22 January 2013)

Paul Lawrence McKenzie (Resigned 20 March 2013)

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

Notes to the financial statements (continued)

	2013 \$	2012 \$
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Note 19. Director and Related Party Disclosures (continued)

Transactions with related parties:

R.L. Mitoke Pty Ltd, of which Robert Francis Houwen is a director, is the landlord of the branch premises at 79 Forrest Street, the amount of rent and associated outgoings was	58,530	57,330
Paul Adam, in the capacity of Principal of Adam Hunter Pty Ltd, supplied accounting and share registry services to the value of	7,805	7,090
Gerard Marquis is the General Manager of the Geraldton Newspaper who provided advertising services to the value of	2,310	2,730
Wayne Clarkson provided insurance for workers compensation	90	64

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

Directors Shareholdings	2013	2012
Robert Francis Houwen	50,001	50,001
Paul James Adam	7,001	7,001
Wayne John Clarkson	28,001	28,001
Gary Bruce Clark	7,001	7,001
Gerard Dale Marquis	-	-
Harold McCashney	30,001	30,001
Trina Michelle Vasic (Leave of absence from 1 October 2012)	2,000	2,000
Emma Howell (Appointed 27 November 2012)	-	-
Andrew Outhwaite (Appointed 22 January 2013)	-	-
Paul Lawrence McKenzie (Resigned 20 March 2013)	13,001	13,001

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

Note 20. Key Management Personnel Disclosures

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

There are no executives within the company whose remuneration is required to be disclosed.

Notes to the financial statements (continued)

	2013 \$	2012 \$
Note 21. Earnings Per Share		
(a) Loss attributable to the ordinary equity holders of the company used in calculating earnings per share	(50,529)	(85,521)
	Number	Number
(b) Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	1,400,009	1,400,009

Note 22. Events Occurring After the Balance Sheet Date

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

Note 23. Contingent Liabilities

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

Note 24. Segment Reporting

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

Note 25. Registered Office/Principal Place of Business

The registered office and principal place of business is:

Registered Office	Principal Place of Business
Unit 1/31-33 Hosken Street	79 Forrest Street
Bluff Point WA 6530	Geraldton WA 6530

Note 26. Financial Instruments

Net Fair Values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the balance sheet. The company does not have any unrecognised financial instruments at the year end.

Credit Risk

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

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

Notes to the financial statements (continued)

Note 26. Financial Instruments (continued)

Interest Rate Risk

Financial instrument	Floating interest rate		Fixed interest rate maturing in						Non interest bearing		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		Over 5 years					
	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 \$	2012 \$	2013 %	2012 %
Financial Assets												
Cash and cash equivalents	90,113	84,963	-	-	-	-	-	-	-	-	0.66	2.05
Receivables	-	-	-	-	-	-	-	-	59,876	58,917	N/A	N/A
Financial Liabilities												
Interest bearing liabilities	-	-	-	-	-	-	-	-	-	-		-
Payables	-	-	-	-	-	-	-	-	-	-	N/A	N/A

Directors' declaration

In accordance with a resolution of the directors of Midwest Community Enterprises Limited, we state that:

In the opinion of the directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
- (c) the audited remuneration disclosures set out in the remuneration report section of the directors' report comply with Accounting Standard AASB124 Related Party Disclosures and the Corporations Regulations 2001.

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



Robert Francis Houwen,
Chairman

Signed on the 20th September 2013.

Independent audit report



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

Report on the financial report

We have audited the accompanying financial report of Midwest Community Enterprises Limited, which comprises the balance sheet as at 30 June 2013, statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making fair accounting estimates that are reasonable in the circumstances. In note 1, the directors also state in accordance with the Accounting Standard AASB 101 Presentation of Financial Statements that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

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

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

Liability limited by a scheme approved under Professional Standards Legislation. ABN: 51 061 795 337.

P: (03) 5443 0344

F: (03) 5443 5304

61-65 Bull St./PO Box 454 Bendigo Vic. 3552

afs@afsbendigo.com.au

www.afsbendigo.com.au

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Independent audit report (continued)

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written auditor's independence declaration, a copy of which is included in the directors' report.

Auditor's opinion on the financial report

In our opinion:

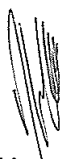
- 1) The financial report of Midwest Community Enterprises Limited is in accordance with the *Corporations Act 2001* including giving a true and fair view of the company's financial position as at 30 June 2013 and of its financial performance and its cash flows for the year then ended and complying with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

Report on the remuneration report

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

Auditor's opinion

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



David Hutchings
Andrew Frewin Stewart
61 Bull Street Bendigo Vic 3550

Dated: 20 September 2013



Geraldton **Community Bank®** Branch
 79 Forrest Street, Geraldton WA 6530
 Phone: (08) 9921 2335 Fax: (08) 9921 3940

Franchisee: Midwest Community Enterprises Limited
 PO Box 2995, Geraldton WA 6531
 Phone: (08) 9921 2335 Fax: (08) 9921 3940
 ABN: 90 132 512 460

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