

# annual report 2010

Mission Beach  
Community Enterprises Limited  
ABN 15 129 575 560

Mission Beach **Community Bank**<sup>®</sup> Branch

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# Chairman's report

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## For year ending 30 June 2010

We ended the year just shy of our second birthday on 22 July 2010. Our performance over the past 12 months demonstrates that we are well on the way to establishing confidence within the community. Business on the books is up 41% to \$17.2million; our income is up 71% to \$166,832 and our overall loss before income tax is \$158,793 less than last year. Our customers are up 50% to 856 and the number of accounts held by customers is up 53% to 1189. These are trends of which we can be proud. The road to profit requires a continuation of the growth shown over the last 12 months.

In managing the elements we can control, I am pleased to say that our quest to find the right Branch Manager was successful. Andrew Baker joined us in October 2009 and was instrumental in growing the business. Ill health caused Andrew to resign, effective 31 July 2010. The generous notice given by Andrew allowed us the time to recruit an experienced **Community Bank**<sup>®</sup> branch manager, Geoff Beckley, effective from 16 August 2010. Importantly, the stability of the Branch was maintained.

Last year we stated that we promised \$10,000 to be returned to the community, in the belief that our growth will be accelerated as the community realizes the tangible flow of benefits made possible through our support. I can report that we have contributed \$10,160 to date, comprised of sponsorships (\$6,033 cash) and promotional donations (\$4,127 costs). We will continue our community support initiatives using funds provided by our partner, Bendigo and Adelaide Bank for this purpose.

The Directors continue to work diligently and tirelessly in a voluntary capacity to support the strategic direction of the Company. Two of our Directors attended the National Conference in Mandurah, WA which provides an excellent opportunity to share and learn from the 254 **Community Bank**<sup>®</sup> branches in the network. Five other Directors attended various training courses throughout the year. We have had one Director resign in February due to changed workload circumstances and have a replacement candidate in training seeking election at this AGM.

Our gratitude is again extended to our Branch staff. The customer service delivery of Alicia, Jodi and Diana ensures an enjoyable banking experience. They actively participate in everything we throw at them.

As we move into our third year, we are very conscious that our growth falls short of our Prospectus forecasts, caused by factors beyond our control. It is incumbent upon all of us to continue telling our story at every opportunity. It is surprising how many people in our community do not know.

Our story is simple enough to tell: 374 local people raised \$875,000 to establish a full service bank in our community after a 10 year drought caused by the desertion of the 3 majors; that it is in our charter, that up to 80% of our Company profits must be returned to the benefit of the community; even before we are in profit, we have already used \$10,000 to support a variety of community initiatives; that simply by banking locally, every customer is directly helping support the community in which they live; that by keeping the capital in town we are enabling the community to prosper. If we all do our bit, as joint owners, our growth will continue to escalate.

We thank you for your conviction and commitment.



**Rhonda Murdoch**

**Chair**

# Manager's report

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## For year ending 30 June 2010

Mission Beach **Community Bank**<sup>®</sup> Branch has continued to grow its business during the 2010 financial year.

As at 30 June 2010 we had customer numbers of 856 with a total of 1,189 accounts and between these customers we held \$17.2 million on our books. Our deposits grew slightly over the year and that was probably due to economic conditions and the competition between the various banking institutions. Total deposits held \$8.2 million. Loans grew substantially over the year with total outstanding now at \$9 million. Having a permanent branch manager is one of the factors that may have contributed to this increase along with the branch staff getting more confidence and comfortable in handling all enquiries.

Our aim is to continue our expected growth in Lending and Deposits. I will be finishing up on the 30 July and a new manager Geoff Beckley has been appointed and will take up duties on the 16 August. Geoff is an existing **Community Bank**<sup>®</sup> Manager and no doubt will bring some great ideas to Mission Beach. With the assistance of the staff we will continue to grow customer and account numbers and seek out every opportunity to increase the Branch performance. We will also try to utilise the Business Banker (Andrew Portelli) who is based in Innisfail, to try and obtain more agricultural clients on the books.

I would like to take this opportunity to thank Branch staff (Alicia, Jodi & Diana) who give exceptional customer service all the time and I only receive glowing compliments from customers.

During the year we have been able to assist some of our valuable community organisations with donations and sponsorship including Mission Beach Surf Life Saving Club, Mission Beach State School and Mission Beach Film Festival. The staff continue to assist Meals on Wheels on a monthly basis and are also involved in the local SES and Rotary Club.

I would like to thank the Board for their efforts and support throughout the year. They are volunteers and give up a lot of their spare time to perform their duties to ensure Mission Beach does continue to have a full banking service.

As a shareholder, thank you for your support and if you are not a customer yet, pop into the Branch and talk to the staff about any banking needs as they will be willing to listen and assist.



**Andrew Baker**  
**Bank Manager**

# Bendigo and Adelaide Bank Ltd report

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For year ending 30 June 2010

Now in its 13th year, the **Community Bank**<sup>®</sup> network continues to grow and make significant contributions to local communities right across Australia.

In the 2009/10 financial year 22 new **Community Bank**<sup>®</sup> branches were opened, taking the total number of branches to 259.

More than 545,000 customers chose to support the network with their banking business made up of more than 788,000 accounts, giving the networks a combined banking book of more than \$16.3 billion.

Our **Community Bank**<sup>®</sup> customers have been served by more than 1150 staff that are supported by almost 1700 volunteer directors.

And these directors are endorsed by around 63,000 shareholders who have received more than \$14.7 million in dividends, a reward for their belief in the **Community Bank**<sup>®</sup> concept.

All of this support has enabled the **Community Bank**<sup>®</sup> network to return more than \$40.3 million to assist local community groups and projects since the first **Community Bank**<sup>®</sup> branch opened in 1998.

These figures add up to a strong **Community Bank**<sup>®</sup> network, a franchise of the Bendigo and Adelaide Bank, which like its community partners, continues to flourish attracting more than 10,000 new customers every month.

This has been made possible through the restructure of the bank's executive team under the leadership of Managing Director, Mike Hirst.

At the start of 2010, the world's great economies continued to feel the aftershocks of the Global Financial Crisis. However, Australia's economy remained relatively stable during the turbulent times. While the impact of the GFC was felt by our community owned and operated branches, it is a testament to our business models and partners that our **Community Bank**<sup>®</sup> network continues to develop.

In fact, not only did our network continue to develop, in the past year we have witnessed one of our most successful launch programs to date. We saw a new branch emerge out of the ashes in Kinglake, less than a year after the region was devastated by Victoria's Black Saturday Bushfires.

The Pyrmont **Community Bank**<sup>®</sup> Branch saw us make an inroad into the competitive but lucrative Sydney banking market. And over the next 12 months Bendigo Bank will continue to grow its ATM and branch network in New South Wales, providing further support in boosting the profile of Bendigo's brand in the state.

This year we have also launched Community Snapshots on the Bendigo Bank website. This online initiative shares and highlights the great contributions and tangible outcomes the **Community Bank**<sup>®</sup> network generates for its local communities.

## Bendigo and Adelaide Bank Ltd report continued

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There has also been a focus on the continued roll out of our Good for Business, Good for Community program, which is an important element of our overall Community Strengthening for the coming year.

Thank you again for your continued commitment and support of the **Community Bank**<sup>®</sup> network.

A handwritten signature in black ink, appearing to read 'Russell Jenkins', is centered on the page.

**Russell Jenkins**

**Executive Customer and Community**

# Directors' report

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For the financial year ended 30 June 2010

Your Directors submit their report of the Company for the financial year ended 30 June 2010.

## Directors

The names and details of the Company's Directors who held office during or since the end of the financial year are:

**Patrick Bernard Biddlecombe**

Director

Occupation - Retired Executive Chef

**Tracey Lehua Chamlin**

Director

Occupation - Education Adviser

**Anthony Trevor Lee**

Director

Occupation - Solicitor

**Preston Lee Clothier (resigned 9 February 2010)**

Director

Occupation - Retired Film Director

**Peter Anthony Leach**

Director

Occupation - Pharmacist

**Debbie Lee Brittain**

Director

Occupation - Restaurateur/Office Manager

**Rhonda Catherine Murdoch**

Chairperson

Occupation - Property Investor/Manager

**Richard Thomas Brant**

Company Secretary

Occupation - Computing and It Consultant

**Lynda Mae Hannah**

Director

Occupation - Retired Education Adviser

**Brigitte Yelds**

Director

Occupation - Accounts Manager

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

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

## Principal activities

The principal activities of the Company during the course of the financial year were in providing **Community Bank**<sup>®</sup> 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.

# Directors' report continued

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## **Operating results**

Operations have performed in line with expectations. The loss of the Company for the financial year after provision for income tax was \$146,968 (2009: \$283,958).

## **Dividends**

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.

## **Significant events after the balance date**

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 providing banking services to the community.

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



# Directors' report continued

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## Indemnification and insurance of Directors and Officers (continued)

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 during the year were:

Director	Board meetings #
Patrick Bernard Biddlecombe	6 (11)
Debbie Lee Brittain	8 (11)
Tracey Lehua Chamlin	10 (11)
Rhonda Catherine Murdoch	11 (11)
Anthony Trevor Lee	8 (11)
Richard Thomas Brant	11 (11)
Lynda Mae Hannah	9 (11)
Preston Lee Clothier (resigned 9 February 2010)	5 (7)
Brigitte Yelds	11 (11)
Peter Anthony Leach	8 (11)

# The first number is the meetings attended while in brackets is the number of meetings eligible to attend.

N/A - not a member of that Committee.

## Company Secretary

Richard Thomas Brant has been the Company Secretary of Mission Beach Community Enterprises Limited since 2008. Richard Thomas Brant's qualifications and experience include attending a Company Director's Course, Community Bank Secretary's Workshop and wide ranging experience in Commonwealth Government roles and the private sector.

## Corporate governance

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

- (a) Director approval of operating budgets and monitoring of progress against these budgets;
- (b) Ongoing Director training; and
- (c) Monthly Director meetings to discuss performance and strategic plans.

# Directors' report continued

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## **Auditor Independence Declaration**

The Directors received the following declaration from the auditor of the Company:

## **Richmond Sinnott & Delahunty** Chartered Accountants



172 McIvor Road  
PO Box 30  
Bendigo, 3552  
Ph. 03 5443 1177  
Fax. 03 5444 4344  
E-mail: [rsd@rsdadvisors.com.au](mailto:rsd@rsdadvisors.com.au)

### **Auditor's independence declaration**

In relation to our audit of the financial report of Mission Beach Community Enterprises Limited for the financial year ended 30 June 2010, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.



**Warren Sinnott**  
**Partner**  
**Richmond Sinnott & Delahunty**  
**Bendigo**

2 September 2010

Signed in accordance with a resolution of the Board of Directors in Mission Beach, Queensland on  
2 September 2010.

**Rhonda Catherine Murdoch**  
**Chairperson**

# Financial statements

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## Statement of comprehensive income For the year ended 30 June 2010

	Note	2010 \$	2009 \$
Revenue from ordinary activities	2	166,832	97,536
Employee benefits expense	3	(194,982)	(172,056)
Charitable donations and sponsorship		(6,033)	-
Depreciation and amortisation expense	3	(13,042)	(8,738)
Finance costs	3	-	(52)
Other expenses from ordinary activities		(163,440)	(286,148)
<b>Profit/(loss) before income tax expense</b>		<b>(210,665)</b>	<b>(369,458)</b>
Income tax benefit	4	63,697	85,500
<b>Profit/(loss) after income tax expense</b>		<b>(146,968)</b>	<b>283,958)</b>
Other comprehensive income		-	-
<b>Total comprehensive income</b>		<b>(146,968)</b>	<b>(283,958)</b>
<b>Earnings per share (cents per share)</b>			
- basic for profit / (loss) for the year	21	(16.80)	(32.45)
- diluted for profit / (loss) for the year	21	(16.80)	(32.45)

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of financial position As at 30 June 2010

	Note	2010 \$	2009 \$
<b>Current assets</b>			
Cash and cash equivalents	6	109,478	318,835
Receivables	7	18,515	2,240
<b>Total current assets</b>		<b>127,993</b>	<b>321,075</b>
<b>Non-current assets</b>			
Property, plant and equipment	8	174,316	183,799
Deferred tax assets	4	149,197	85,500
Intangible assets	9	6,000	8,000
<b>Total non-current assets</b>		<b>329,513</b>	<b>598,374</b>
<b>Total assets</b>		<b>475,506</b>	<b>598,374</b>
<b>Current liabilities</b>			
Payables	10	28,501	22,401
Provisions	11	3,227	3,227
<b>Total current liabilities</b>		<b>31,728</b>	<b>25,628</b>
<b>Non-current liabilities</b>			
<b>Net assets</b>		<b>425,778</b>	<b>572,746</b>
<b>Equity</b>			
Share capital	12	856,704	856,704
Retained earnings / (accumulated losses)	13	(430,926)	(283,958)
<b>Total equity</b>		<b>425,778</b>	<b>572,746</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

### Statement of cash flows For the year ended 30 June 2010

	Note	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		156,500	81,563
Cash payments in the course of operations		(374,167)	(440,847)
Other income		-	1,584
Interest received		9,869	20,368
<b>Net cash flows from/(used in) operating activities</b>	<b>14b</b>	<b>(207,798)</b>	<b>(337,332)</b>
<b>Cash flows from investing activities</b>			
Payment for intangible assets		-	(10,000)
Payments for property, plant and equipment		(1,559)	(190,537)
<b>Net cash flows from/(used in) investing activities</b>		<b>(1,559)</b>	<b>(200,537)</b>
<b>Cash flows from financing activities</b>			
Member contributions		-	875,000
Share issue costs		-	(18,296)
<b>Net cash flows from/(used in) financing activities</b>		<b>-</b>	<b>856,704</b>
<b>Net increase/(decrease) in cash held</b>		<b>(209,357)</b>	<b>318,835</b>
Cash and cash equivalents at start of year		318,835	-
<b>Cash and cash equivalents at end of year</b>	<b>14a</b>	<b>109,478</b>	<b>318,835</b>

The accompanying notes form part of these financial statements.

## Financial statements continued

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### Statement of changes in equity For the year ended June 2010

	Note	2010 \$	2009 \$
<b>Share capital</b>			
Balance at start of year		856,704	-
Issue of share capital		-	875,000
Share issue costs		-	(18,296)
<b>Balance at end of year</b>		<b>856,704</b>	<b>856,704</b>
<b>Retained earnings / (accumulated losses)</b>			
Balance at start of year		(283,958)	-
Profit/(loss) after income tax expense		(146,968)	(283,958)
Dividends paid	20	-	-
<b>Balance at end of year</b>		<b>(430,926)</b>	<b>(283,958)</b>

The accompanying notes form part of these financial statements.

# Notes to the financial statements

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For year ended 30 June 2010

## Note 1. Basis of preparation of the financial report

### **(a) Basis of preparation**

Mission Beach Community Enterprises Limited ('the Company') is domiciled in Australia. The financial statements for the year ending 30 June 2010 are presented in Australian dollars. The Company was incorporated in Australia and the principal operations involve providing **Community Bank**<sup>®</sup> services.

The financial statements have been prepared on an accruals basis and are based on historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets.

The financial statements require judgements, estimates and assumptions to be made that affect the application of accounting policies. Actual results may differ from these estimates.

The financial statements were authorised for issue by the Directors on 2 September 2010.

### **(b) Statement of compliance**

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board. Australian Accounting Standards that have been recently issued or amended, but are not yet effective, have not been adopted in the preparation of this financial report.

### **(c) Significant accounting policies**

The following is a summary of the material accounting policies adopted. The accounting policies have been consistently applied and are consistent with those applied in the 30 June 2009 financial statements.

#### **Income tax**

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax assets and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **Income tax (continued)**

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

### **Property, plant and equipment**

Property, plant and equipment are brought to account at cost less accumulated depreciation and any impairment in value.

Land and buildings are measured at fair value less accumulated depreciation.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

<b>Class of asset</b>	<b>Depreciation rate</b>
Buildings	2.5%
Plant & equipment	4-25%

### Impairment

The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

If any such indication exists and where the carrying value exceeds the estimated recoverable amount, the assets or cash-generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater 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.

### Revaluations

Following initial recognition at cost, land and buildings are carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated depreciation on buildings and accumulated impairment losses.

Fair value is determined by reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date.

### **Recoverable amount of assets**

At each reporting date, the Company assesses whether there is any indication that an asset is impaired. Where an indicator of impairment exists, the Company makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.



# Notes to the financial statements continued

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## Note 1. Basis of preparation of the financial report (continued)

### **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 Statement of Financial Position. 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 ATO are classified as operating cash flows.

### **Employee benefits**

The provision for employee benefits to wages, salaries and annual leave represents the amount which the Company has a present obligation to pay resulting from employees' services provided up to the reporting date. The provision has been calculated on undiscounted amounts based on wage and salary rates expected to be paid and includes related on-costs.

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

### **Intangibles**

Establishment costs have been initially recorded at cost and amortised on a straight line basis at a rate of 20% per annum.

### **Cash**

Cash on hand and in banks are stated at nominal value.

For the purposes of the cash flow statement, cash includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts.

### **Revenue**

Interest and fee revenue is recognised when earned. All revenue is stated net of the amount of goods and services tax (GST).

### **Receivables and payables**

Receivables and payables are non interest bearing and generally have payment terms of between 30 and 90 days. Receivables are recognised and carried at original invoice amount less a provision for any uncollected debts. 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.

# Notes to the financial statements continued

## Note 1. Basis of preparation of the financial report (continued)

### Loans and borrowings

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

### 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.

### Share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

### Comparative figures

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

	2010 \$	2009 \$
<b>Note 2. Revenue from ordinary activities</b>		
<b>Operating activities</b>		
- services commissions	156,963	75,584
- other revenue	-	-
<b>Total revenue from operating activities</b>	<b>156,963</b>	<b>75,584</b>
<b>Non-operating activities:</b>		
- interest received	9,869	20,368
- other revenue	-	1,584
<b>Total revenue from non-operating activities</b>	<b>9,869</b>	<b>21,952</b>
<b>Total revenue from ordinary activities</b>	<b>166,832</b>	<b>97,536</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 3. Expenses</b>		
<b>Employee benefits expense</b>		
- wages and salaries	161,873	121,720
- superannuation costs	14,786	10,671
- workers' compensation costs	641	107
- other costs	17,682	39,558
	<b>194,982</b>	<b>172,056</b>
<b>Depreciation of non-current assets:</b>		
- plant and equipment	8,144	4,924
- leasehold improvements	2,898	1,814
<b>Amortisation of non-current assets:</b>		
- intangibles	2,000	2,000
	<b>13,042</b>	<b>8,738</b>
<b>Finance Costs:</b>		
- Interest paid	-	52
Bad debts	84	50

## Note 4. Income tax expense

The prima facie tax on profit/(loss) before income tax is reconciled to the income tax expense as follows:

Prima facie tax on profit/(loss) before income tax at 30%	(63,200)	(110,837)
Add / less tax effect of:		
- Non-deductible / other deductible) expenses	(497)	25,337
Current income tax expense / (benefit)	<b>(63,697)</b>	<b>(85,500)</b>
Income tax expense / (benefit)	(63,697)	(85,500)
<b>Deferred income tax expense</b>		
Future income tax benefits arising from tax losses are recognised at reporting date as realisation of the benefit is regarded as probable.	<b>(149,197)</b>	<b>(85,500)</b>

## Notes to the financial statements continued

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	2010 \$	2009 \$
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### Note 5. Auditors' remuneration

Amounts received or due and receivable by

Richmond, Sinnott & Delahunty for:

- Audit or review of the financial report of the Company	3,900	2,700
- Completion of feasibility study	-	3,000
- Share registry services	-	450
- Accounting work for prospectus	-	1,800
	<b>3,900</b>	<b>7,950</b>

### Note 6. Cash and cash equivalents

<b>Cash at bank and on hand</b>	<b>109,478</b>	<b>318,835</b>
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### Note 7. Receivables

GST receivable	-	1,661
Trade debtors	18,515	579
	<b>18,515</b>	<b>2,240</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 8. Property, plant and equipment</b>		
<b>Leasehold improvements</b>		
At cost	117,757	117,757
Less accumulated depreciation	(4,712)	(1,814)
	<b>113,045</b>	<b>115,943</b>
<b>Plant and equipment</b>		
At cost	74,339	72,780
Less accumulated depreciation	(13,068)	(4,924)
	<b>61,271</b>	<b>67,856</b>
<b>Total written down amount</b>	<b>174,316</b>	<b>183,799</b>
<b>Movements in carrying amounts</b>		
<b>Leasehold improvements</b>		
Carrying amount at beginning of year	115,943	-
Additions	-	117,757
Disposals	-	-
Depreciation expense	(2,898)	(1,814)
<b>Carrying amount at end of year</b>	<b>113,045</b>	<b>115,943</b>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	67,856	-
Additions	1,559	72,780
Disposals	-	-
Depreciation expense	(8,144)	(4,924)
<b>Carrying amount at end of year</b>	<b>61,271</b>	<b>67,856</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
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### Note 9. Intangible assets

#### Franchise fee

At cost	10,000	10,000
Less accumulated amortisation	4,000	2,000
	<b>6,000</b>	<b>8,000</b>

### Note 10. Payables

Trade creditors	20,545	10,4159
Other creditors and accruals	7,956	12,242
	<b>28,501</b>	<b>22,401</b>

### Note 11. Provisions

Employee benefits	<b>3,227</b>	<b>3,227</b>
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### Note 12. Share capital

875,000 Ordinary Shares fully paid of \$1 each	875,000	875,000
Share issue costs	(18,296)	(18,296)
	<b>856,704</b>	<b>856,704</b>

## Notes to the financial statements continued

	2010 \$	2009 \$
<b>Note 13. Retained earnings /</b>		
<b>(Accumulated losses)</b>		
Balance at the beginning of the financial year	(283,958)	-
Profit/(loss) after income tax	(146,968)	(283,958)
Dividends	-	-
<b>Balance at the end of the financial year</b>	<b>(430,926)</b>	<b>(283,958)</b>

## Note 14. Statement of cash flows

### (a) Cash and cash equivalents

Cash assets	109,478	318,835
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### (b) Reconciliation of profit / (loss) after tax to net cash provided from/(used in) operating activities

Profit / (loss) after income tax	(146,968)	(283,958)
Non cash items		
- Depreciation	11,042	6,738
- Amortisation	2,000	2,000
Changes in assets and liabilities		
- (Increase) decrease in deferred income tax asset	(63,697)	(85,500)
- (Increase) decrease in receivables	(16,275)	(2,240)
- Increase (decrease) in payables	6,100	22,401
- Increase (decrease) in provisions		3,227
<b>Net cash flows from/(used in) operating activities</b>	<b>(207,798)</b>	<b>(337,332)</b>

## Notes to the financial statements continued

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### Note 15. Director and related party disclosures

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

Patrick Bernard Biddlecombe  
Debbie Lee Brittain  
Tracey Lehua Chamlin  
Rhonda Catherine Murdoch  
Anthony Trevor Lee  
Richard Thomas Brant  
Lynda Mae Hannah  
Preston Lee Clothier (resigned 9 February 2010)  
Brigitte Yelds  
Peter Anthony Leach

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

<b>Directors' shareholdings</b>	<b>2010</b>	<b>2009</b>
Patrick Bernard Biddlecombe	26,000	26,000
Debbie Lee Brittain	1,000	1,000
Tracey Lehua Chamlin	1,500	1,500
Rhonda Catherine Murdoch	5,000	5,000
Anthony Trevor Lee	6,000	6,000
Richard Thomas Brant	500	500
Lynda Mae Hannah	1,500	1,500
Preston Lee Clothier (resigned 9 February 2010)	10,000	10,000
Brigitte Yelds	4,000	4,000
Peter Anthony Leach	2,000	2,000

There was no movement in Directors' shareholdings during the year. Each share held has a paid up value of \$1 and is fully paid.

### Note 16. Subsequent events

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

### Note 17. Contingent liabilities

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



## Notes to the financial statements continued

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### Note 18. Segment reporting

The economic entity operates in the financial services sector where it provides banking services to its clients. The economic entity operates in one geographic area being Mission Beach, Queensland.

### Note 19. Corporate information

Mission Beach Community Enterprises Limited is a Company limited by shares incorporated in Australia.

The registered office is: 35 Reid Road  
Wongaling Beach QLD 4852

The principal place of business is: Shop 5, 34-40 Dickinson Street  
Wongaling Beach QLD 4852

### Note 20. Dividends paid or provided for on ordinary shares

The Directors recommend that no dividend be paid for the current year.

	2010	2009
	\$	\$

### Note 21. Earnings per share

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

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

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

<b>Profit/(loss) after income tax expense</b>	<b>(146,968)</b>	<b>(283,958)</b>
<b>Weighted average number of ordinary shares for basic and diluted earnings per share</b>	<b>875,000</b>	<b>875,000</b>

# Notes to the financial statements continued

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## Note 22. Financial risk management

The Company has exposure to credit risk, liquidity risk and market risk from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established an Audit Committee which reports regularly to the Board. The Audit Committee is assisted in the area of risk management by an internal audit function.

### (a) Credit risk

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

The maximum exposure to credit risk at reporting date to recognised financial assets is the carrying amount of those assets as disclosed in the Statement of Financial Position and notes to the financial statements. The Company's maximum exposure to credit risk at reporting date was:

	Carrying amount	
	2010	2009
	\$	\$
Cash assets	109,478	318,835
Receivables	18,515	2,240
	<b>127,993</b>	<b>321,075</b>

The Company's exposure to credit risk is limited to Australia by geographic area. The entire balance of receivables is due from Bendigo and Adelaide Bank Ltd and the Australian Taxation Office.

None of the assets of the Company are past due (2009: nil past due) and based on historic default rates, the Company believes that no impairment allowance is necessary in respect of assets not past due.

The Company limits its exposure to credit risk by only investing in liquid securities with Bendigo and Adelaide Bank Ltd.

### (b) Liquidity risk

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

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

## Notes to the financial statements continued

### Note 22. Financial risk management (continued)

The following are the estimated contractual maturities of financial liabilities, including estimated interest payments.

	<b>Carrying amount \$</b>	<b>Contractual cash flows \$</b>	<b>1 year or less \$</b>	<b>Over 1 to 5 years \$</b>	<b>More than 5 years \$</b>
<b>30 June 2010</b>					
Payables	28,501	(28,501)	(28,501)	-	-
	<b>28,501</b>	<b>(28,501)</b>	<b>(28,501)</b>	-	-
<b>30 June 2009</b>					
Payables	22,401	(22,401)	(22,401)	-	-
	<b>22,401</b>	<b>(22,401)</b>	<b>(22,401)</b>	-	-

#### (c) Market risk

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

#### Interest rate risk

Interest rate risk is that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company reviews the exposure to interest rate risk as part of the regular Board meetings.

# Notes to the financial statements continued

Note 22. Financial risk management (continued)

## (c) Market risk (continued)

### Sensitivity analysis

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	Carrying amount	
	2010	2009
	\$	\$
<b>Fixed rate instruments</b>		
Financial assets	50,000	230,002
Financial liabilities	-	-
	<b>50,000</b>	<b>230,002</b>
<b>Variable rate instruments</b>		
Financial assets	59,478	88,833
Financial liabilities	-	-
	<b>59,478</b>	<b>88,833</b>

### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed interest rate financial assets or liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

### Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have no impact on profit or retained earnings. For the analysis performed on the same basis as at 30 June 2009 there was also no impact. As at both dates this assumes all other variables remain constant.

## (d) Net fair values

The net fair values of financial assets and liabilities approximate the carrying values as disclosed in the Statement of Financial Position. The Company does not have any unrecognised financial instruments at year end.

## (e) 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.

## Notes to the financial statements continued

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### Note 22. Financial risk management (continued)

#### **(e) Capital management (continued)**

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

- (i) the Distribution Limit is the greater of:
  - (a) 20% of the profit or funds of the Franchisee otherwise available for distribution to shareholders in that 12 month period; and
  - (b) subject to the availability of distributable profits, the Relevant Rate of Return multiplied by the average level of share capital of the Franchisee over that 12 month period; and
- (ii) the Relevant Rate of Return is equal to the weighted average interest rate on 90 day bank bills over that 12 month period plus 5%.

The Board is managing the growth of the business in line with this requirement. There are no other externally imposed capital requirements, although the nature of the Company is such that amounts will be paid in the form of charitable donations and sponsorship. Charitable donations and sponsorship paid for the year ended 30 June 2010 can be seen in the Statement of Comprehensive Income.

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


# Directors' declaration

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In accordance with a resolution of the Directors of Mission Beach Community Enterprises Limited, I 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 2010 and of their performance for the year ended on that date; and
  - (ii) complying with Accounting Standards in Australia and Corporations Regulations 2001;
- (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; and
- (c) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ending 30 June 2010.



**Rhonda Catherine Murdoch**  
**Chairperson**

Signed in Mission Beach, Queensland on 2 September 2010.

# Independent audit report

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## **Richmond Sinnott & Delahunty** Chartered Accountants



### ***INDEPENDENT AUDIT REPORT TO THE MEMBERS OF MISSION BEACH COMMUNITY ENTERPRISES LIMITED***

Partners:  
Kenneth J Richmond  
Warren J Sinnott  
Philip P Delahunty  
Brett A Andrews

#### ***SCOPE***

The financial report comprises the statement of financial position, statement of comprehensive income, statement of cash flows, statement of changes in equity, accompanying notes to the financial statements, and the directors' declaration for Mission Beach Community Enterprises Limited, for the year ended 30 June 2010.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are established to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### ***Audit approach***

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit has been conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position, and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant account estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

# Independent audit report continued

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We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

## **INDEPENDENCE**

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

## **AUDIT OPINION**

In our opinion, the financial report of Mission Beach Community Enterprises Limited is in accordance with:

- (a) the Corporations Act 2001 including:
  - (i) giving a true and fair view of the company's financial position as at 30 June 2010 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

*Richmond Sinnott & Delahunty*

**RICHMOND SINNOTT & DELAHUNTY**  
Chartered Accountants

*W. J. Sinnott*

**W. J. SINNOTT**  
Partner  
Bendigo

Date: 2 September 2010



Mission Beach **Community Bank**<sup>®</sup> Branch  
Shop 5 34-40 Dickinson Street, Wongaling Beach QLD 4852  
Phone: (07) 4068 8700 Fax: (07) 4068 8306

Franchisee: Mission Beach Community Enterprises Limited  
35 Reid Road, Wongaling Beach QLD 4852  
Phone: (07) 4068 8100  
ABN: 15 129 575 560

[www.bendigobank.com.au/public/mission\\_beach](http://www.bendigobank.com.au/public/mission_beach)  
Bendigo and Adelaide Bank Limited,  
The Bendigo Centre, Bendigo VIC 3550  
ABN 11 068 049 178. AFSL 237879.  
(KKQAR10020) (08/10)